



THE INDEPENDENT

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WEATHER: Sunshine and showers

MR 45P 40P



Comment

Polly Toynbee:
Why Barnsley's
brassed off

20-page sport section

**Wales fall to
the Wallabies**

Tablet

**Sex, power and
Beaverbrook**
Plus: Behind Blair's smile

Now Algeria's bloody civil war kills the little people

When the history of Algeria's secret war comes to be written, the villages of Bensalah, Bouarfa, Douiret, Sliman Chaouch, Hameli, Douaouda and Sidi el-Kebir will feature largely in its blood-soaked pages.

For despite government censorship and a far more sinister silence by the cruel men responsible for the dreadful deeds being done in the countryside south of Algiers, terrifying details are now emerging of the latest bloodbaths in the Algerian war, a conflict now being fought out between "Islamist" gunmen and poorly trained village militias who have been armed by the government as "self-defence" units.

The statistics of death give credence to reports that up to 200 men and women are now

dying every week in Algeria's civil war.

A bomb hidden in a coffee flask that exploded in a polling station at Relisane during last week's referendum, for example, killed 15 civilians and wounded another 200, according to eyewitnesses. An earlier car bomb in Bouthark killed 18 people. A bus bomb in Tizi Ouzou killed 10 on 10 November. A massacre in Douaouda left 10 women and three children with their throats slashed. An even worse butchery at Sidi el-Kebir on 6 November left 32 men, women and children dead, so many that the authorities could not provide enough coffins. This mass slaughter—and there are others which have not yet been revealed—occurred in just the past seven weeks.

Up to 100,000 people are now believed to have been killed since the military-backed Algerian government cancelled the 1992 parliamentary elections which the Islamic Salvation Front (FIS) – demanding an Islamic state in Algeria – were certain to win. Violent Islamist organisations then went to war, fighting not only soldiers and policemen but their families, and writers, journalists, artists and feminists. Human rights groups have blamed pro-government death squads as well as

the Islamic Armed Group (GIA) for the appalling death toll. The new constitution voted in last week is unlikely to lessen the carnage.

In the most recent massacres, the GIA appears to have been taking revenge on those villages which have set up government-sponsored militias. Bouarfa and Douaouda had created "auto-defence" units composed of local men shortly before the attacks. So had the villages south of Laghouat when a bus carrying civilians on the road to

Hassi R'mel was stopped at a checkpoint by men dressed as policemen on 7 October. In a country where Islamists often dress in security-force uniforms, and policemen often wear plain clothes, the occupants of the bus might have guessed this was one of Algeria's nightmare "four borger". The men, around 20 at the fake checkpoint, ordered the passengers to dismount for an identity check and then, systematically, cut their throats.

At one point, an ambulance carrying a sick woman and her husband, along with a paramedic, was stopped behind the bus. According to the Algerian newspaper *Liberte* – perhaps the only reliable journalistic source on the war – the GIA men cut the throats of the paramedic, the

driver and the husband, leaving the sick woman in the vehicle. The slaughter went on for an hour while motorists, noticing the killers just in time, managed to turn their cars and drive for their lives back to Laghouat.

At Sidi el-Kebir, there was no such escape. The village menfolk were apparently in the hills above their homes, searching for the "terrorists" against whom the government had armed them. Behind them, up to 30 GIA members entered Sidi el-Kebir and proceeded, again systematically, to kill all whom they found in the village. A baby reportedly had its throat cut after a discussion among the killers about the morality of killing children. At least 10 women were gorged. A newly married

couple were executed in their home, the husband on the bed, the woman in the doorway of their bedroom after reportedly being ordered to lay out her wedding trousseau. Their baby was left tied up in the same room.

Exactly eight days later, in the village of Bensalah – where 20 men had just been recruited to join the local government militia – the Islamists struck again. At least 14 civilians – including 5 women and 3 children – were murdered, most of them from one family. A 12-year-old boy in a state of deep shock later recalled how armed men had arrived at the home of his uncle, Medjber Abdelli, at 1.00am, burst into the building, grabbed his aunt by her hair, pulled back her head and cut her throat with

a knife. Another member of the family was shot dead while other men decapitated his wife.

Three children then had their throats cut, one of them a 12-year-old girl, Hadjira Abdelli. When villagers approached the house in the morning, they found blood splashed over every room andienve across the garden.

These most recent of horrors have driven thousands of villagers into the towns around Algiers in fear of their lives. The refugees have complained that the authorities have done nothing to help them. One newspaper boldly pointed out that at the mass funeral of the Sidi el-Kebir victims, not a single representative of the government – save for the local *wadi* – came to share the village's grief.

Major may go to the polls early

Anthony Bevins
Political Editor

A surprise snap election is expected by some ministers and senior MPs across the Commons as John Major faces the certain loss of his overall parliamentary majority in the Barnsley East by-election in 10 days' time.

While many politicians, and much of the media, have accepted 1 May as the fixed date for the election, strong arguments are now being made for the Prime Minister to go to the country between the end of February and mid-April.

Critically, David Trimble's Ulster Unionists are not happy with the "painful" prospect of a general election held on the same day as their local elections – which are contested by proportional representation, and generally favour Ian Paisley's Democratic Unionists.

But the Ulster Unionists argue that it will not come to that. They believe Mr Major will not want to risk Commons defeat, or face accusations that he has made "sleazy deals" to help him stagger through to May, and that he will prefer to call the election at a time of his own choosing.

The date for the election could well hinge on the result of Merseyside's Wirral South by-election, caused by the death of the Tory backbencher Barry Porter on 3 November.

The loss of that seat would drive Mr Major into a one-vote Commons minority, the first

time the Tories would have been deprived of a majority since 1979.

Parliamentary convention dictates that the writ for a by-election should be moved within three months of the vacancy, followed by a three-week campaign, suggesting a by-election on 30 January.

If the Conservatives do not move the Wirral South writ by early February, they will be accused of cowardice and will open the way for Labour to force a Commons vote on the issue.

The Merseyside seat would fall to Labour on an anti-Tory swing of 8.2 per cent – and defeat would put the Government in constant fear of a Commons ambush, and the humiliation of a successful censure motion that would force an immediate election.

But some senior Conservatives are arguing that if the party were to win Wirral South, that could prove the spring-board for an early general election.

After Harold Wilson won a surprise victory in the Hull North by-election on 27 January 1966, it was announced a March election one month later – in which he won a clear-cut majority.

Reflecting the confidence felt in the higher reaches of the Conservative Party, Michael Heseltine said yesterday that the country was heading for a "record Christmas".

House prices were moving up, negative equity was becoming a thing of the past, un-

Leading article, page 13

the Guinness Mahon banking family, will embarrass the Government and indeed future governments by declaring that he will withdraw his bequest if, in his view, the Government should at any time "fall short of fulfilling its various commitments in support of public collecting through the UK for the benefit of the nation in perpetuity". It is the first time an art bequest of this magnitude has come accompanied by such a stringent political condition. The 17th-century Italian masterpieces include Guercino's *Elijah Fed By Ravens*, Ludovico Carracci's *Agony In The Garden*, and Guido Reni's *Rape of Europa*.

Unusually, Sir Denis has ensured that legal ownership of the paintings will remain with the National Art Collections Fund. They are estimated to be worth £25m. But Sir Denis, a member of

an independent charity, should at once withdraw any works deposited if the gallery or museum concerned should decide to sell off any item from its permanent collection.

He is also stipulating that his paintings will be withdrawn from any gallery or museum that decides to charge admission, an option being widely considered by many institutions.

Twenty-six paintings are to be placed with the National Gallery, 12 with the Ashmolean Museum in Oxford, six with the Fitzwilliam in Cambridge, five with Birmingham Museum and Arts Gallery, three with the Walker Art Gallery in Liverpool, one with Temple Newsam House in Leeds and eight with the National Gallery of Scotland. The bequest also gives the National Gallery discretion to

loan some works to the National Museum and Gallery of Wales in Cardiff. None at present charges for admission, but all have been affected by falling government resources.

Sir Denis said: "I feel passionately that the Government must not persist in its policy of progressively cutting grant in aid to museums and galleries. The figures for 1997-98 [announced last week] represent a significant cut in the value of central government funding for our national art collection and what is most alarming is the downward trend which is set to continue in subsequent years."

"I am a firm believer in the principle of partnership between the public and private sectors, but the principle becomes meaningless if it is not respected by the Government."

A £25m art gift to the nation... with strings attached

David Lister
Arts News Editor

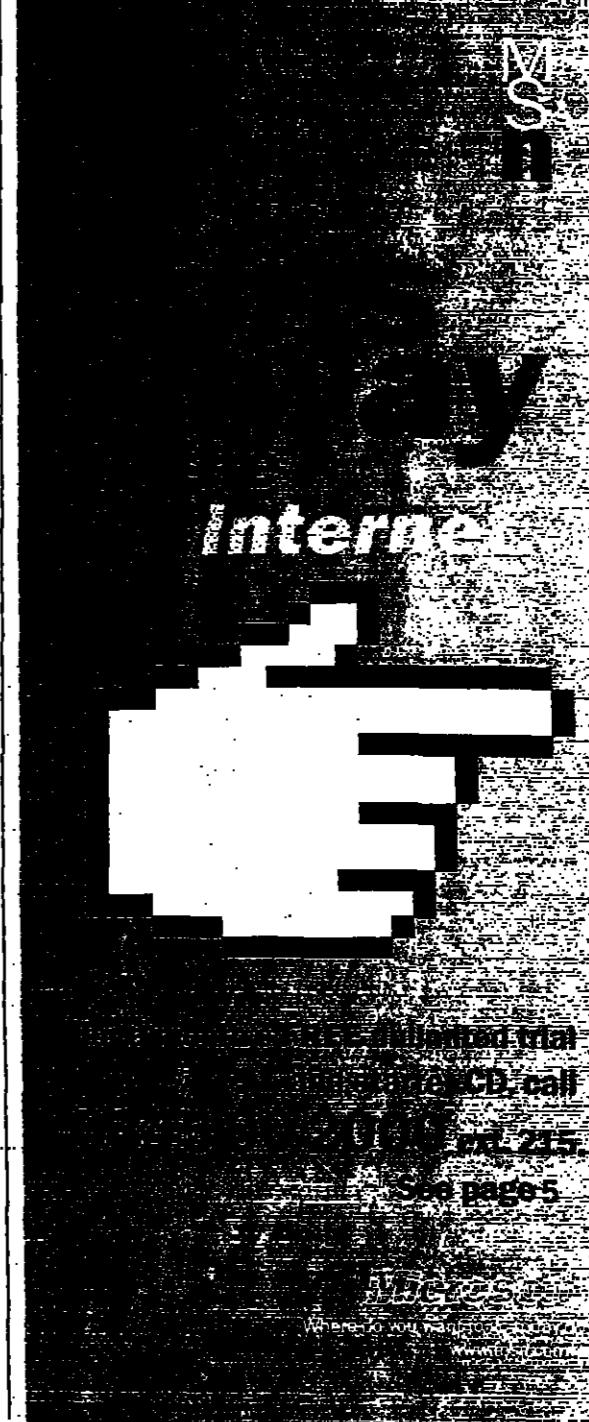
One of the richest art bequests of the century has been promised to the nation – but with the unprecedented condition that it will be withdrawn if the government of the day renege on its funding promises.

Paintings will also be immediately removed from any museum or gallery that decides to charge the public for admission. Sir Denis Mahon, 86, the art historian, former trustee of the National Gallery and tireless campaigner for the arts will announce today that he is to bequeath 61 works from his collection of Italian baroque masterpieces to the National Art Collections Fund. They are estimated to be worth £25m.

But Sir Denis, a member of

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A code of conduct

With newspapers still facing a strong mood of public scepticism and hostility to Press intrusion, we are today publishing the Press Complaints Commission code of conduct to which *The Independent* and *Express*, like other newspapers, are signatories. (See page 6.)

Many readers may be unaware of the code, at least in detail, and therefore unable to judge our actions against it. We reaffirm our commitment to its rules and to its spirit, and promise readers that any rulings made by the PCC against us will be prominently reported on our news pages.

Andrew Marr, *The Independent*
Richard Adles, *The Express*



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significant shorts

Chunnel drill paves way for reopening

An emergency drill held in the Channel tunnel yesterday was a complete success according to its operators Eurotunnel and the company is hoping for a resumption of rail services this week.

A Eurotunnel spokesman, John Noulton, said the exercise had gone "satisfactorily".

All of the 700 "passengers" were evacuated within two hours and 10 minutes of a simulated accident - five minutes longer than Eurotunnel's target of 125 minutes but within the period that could be considered successful, a spokesman said.

The tunnel safety authority is expected to meet this week to decide whether or not to approve the re-opening of the tunnel damaged by fire two weeks ago.

Police fear for missing girl

Police are appealing for help in tracing a schoolgirl who disappeared after visiting a friend, Sarah Ayley, 15, from Downham Market, Norfolk, was last seen leaving her friend's house at 5.10pm on Saturday for the half-mile walk home.

Police said they were becoming increasingly worried for her safety.

Sarah is described as white, 5ft 5in tall with shoulder-length fair hair. She was wearing a black padded jacket and mauve tracksuit bottoms.

Castle may quit over pensions 'farce'

The Labour veteran Baroness Castle yesterday threatened to resign from the party's pensions policy review body. Arguing that October's conference had been "hoodwinked by the promise of a review, she told the BBC's *Breakfast With Frost* programme that "I shall not, indefinitely, go on lending myself to a farce".

Lady Castle, who sat in the last Wilson Cabinet, wants Labour to reinstate its commitment to a restoration of the link between pensions and earnings.

But Harriet Harman, the party's frontbencher, said yesterday that Labour's pensions policy was passed by conference.

Anthony Bevins

Ian Burrell

Hundreds of students were being given vaccinations yesterday after a 19-year-old piano undergraduate became the second person to die in an outbreak of meningitis at the University of Wales in Cardiff.

She died in the intensive care unit of Cardiff's University Hospital early yesterday morning after being taken ill on Friday evening in the same student hall of residence where other cases of the illness have occurred.

A university spokesman said that relatives of the latest victim were still being informed of the tragedy last night.

A programme of inoculations for up to 800 other

students was brought forward by 24 hours as fears rose of further cases.

On Thursday, a 19-year-old woman law student living in the same student block, University Hall, died within hours of being taken ill. Three other students living at University Hall have the disease and are being treated at the hospital.

Doctors said yesterday that two were making "good progress" on an isolation ward while the other, a 20-year-old male student, remains in intensive care, "seriously ill but

Expertise in communicable diseases believe the five students, who were not part of a close circle of friends, were affected by a "Group C"

meningococcal strain of the disease which can kill within hours unless treated.

Meningitis cannot be passed on through normal social contact but weekend parties and disco were cancelled and the students' bar closed as a precaution against spreading infection. Students living at University Hall have already been given a course of antibiotics but will not be vaccinated to give them further protection. Vaccination gives longer-term protection against meningitis although the jab takes 10 days before becoming fully effective.

Dr Bill Smith, director of public health for the Bro Taf Authority, said it was essential students remained on site to be

vaccinated and that this would not increase the possibility of further infections. "All that should be done is being done. I hope that we have seen the worst of this," he said. The university is anxious that around 100 students who went away for the weekend to visit parents or friends are contacted and vaccinated.

Professor Brian Smith, the university vice-chancellor, said: "Nothing is of more importance to the university than the safety and well-being of its students. Our hearts go out to the parents." He paid tribute to the maturity and calmness of students at the residence and of their parents.

Medical experts are stressing that friends, family and ac-

quaintances of those living at University Hall are not at any special risk and do not need antibiotics.

Initial investigations suggest that the infection may be focused on a particular part of the residence.

Student welfare officers and counsellors from the Meningitis Trust charity spent yesterday helping undergraduates who were stricken by the latest death.

Dot Hodge, president of the Students' Union, said: "It has been traumatic. Most students of this age are just not accustomed to dealing with this sort of grief. Our priority is to do everything we can to help them cope with this."

Leanne Jones, 19, an accountancy student, said she felt much safer after the antibi-

otics course. "I was frightened at first because I didn't know what to do. But now I have had medication and have been told about the dangers I feel far happier," she said.

An emergency hotline, with ten extensions, was set up by the Students' Union. Student wardens also made regular checks on the health of residents at University Hall in case of any further signs of illness.

□ The number of suspected cases in the outbreak of food poisoning caused by the *E. coli* 0157 bacteria, which has so far claimed five lives in central Scotland, continues to rise, with 209 people showing symptoms and 67 victims being treated in hospital, including 17 who were giving "cause for concern".

Young vagrants dying for a home

Glenda Cooper

Homeless people are dying on the streets at the age of 42 - five years younger than they were in 1992 and more than 30 years before the average population.

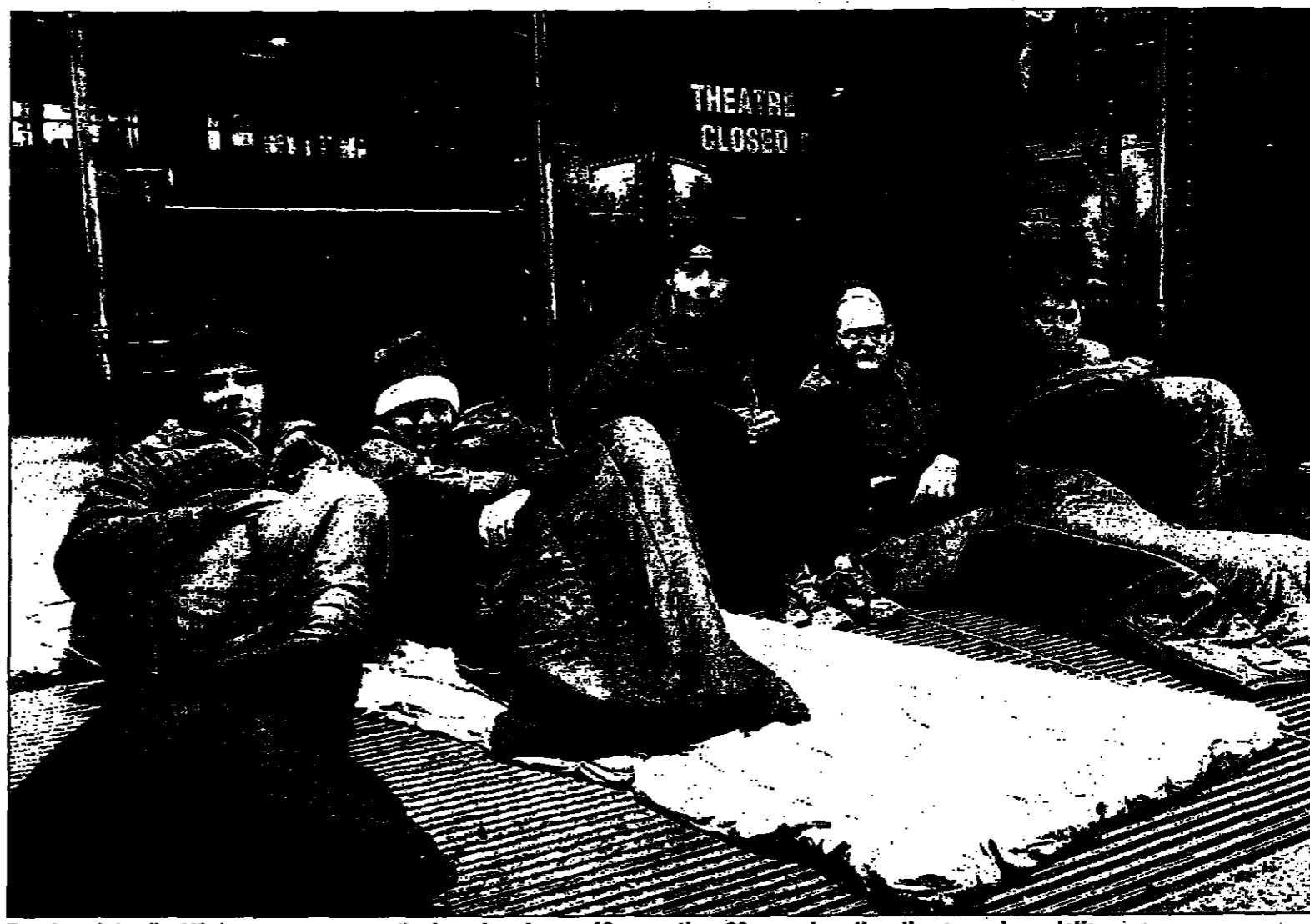
According to research by the homeless charity, Crisis, life expectancy is continuing to fall despite the number of people sleeping rough on any one night dropping by two-thirds over the same period. Nationally, life expectancy is 76.

The report, *Still Dying For a Home*, examined the London Coroner's Court records for the year up to the end of August 1996. In total, 74 deaths of rough sleepers were recorded - the same number as when similar research was undertaken in 1992. The real figure could be at least double that.

Rough sleepers are four times more likely to die from unnatural causes such as accidents, alcohol, drugs, assault and suicide than the general population. They are also more than 50 times more likely to die from general assault and 35 times as likely to commit suicide.

Although the most common cause of death is natural causes, the average age at death is 46, indicating the homeless are dying well before their time.

The decrease in life expectancy is thought to be due to the rising number of young homeless people on the streets plus difficulties in accessing the health care they need. Nearly 60 per cent of rough sleepers had at least one health problem,



Rough and deadly: Life expectancy among the homeless is now 42, more than 30 years less than the general population

compared with 24 per cent of the general population. The most common conditions are respiratory illnesses, arthritis, epilepsy, skin complaints and tuberculosis.

Alcohol abuse formed part of the problem but not as much as is commonly thought. Alcohol abuse affects between a third and a half of rough sleepers compared with one in four of the general population. Drug

related problems were said to be on the increase, with 20 per cent of young homeless people misusing cannabis, amphetamines, cocaine, opiates and solvents.

Homelessness has a profound and damaging effect on mental health. The high incidence of serious mental illnesses, such as schizophrenia, depression and anxiety, has been widely reported.

In 1996, the Office of National Statistics found that about 60 per cent of night-shelter and day-centre users were identified as having a serious mental health problem.

Crisis yesterday launched its national network of 27 emergency "Winterwatch" centres which have been shown to save lives. While there were slightly more deaths among the homeless in the winter months, the

proportion was not substantially higher than the general population.

But so much more still needs to be done.

"In the long term, it means putting an end to rough sleeping. In the shorter term, the research indicates that we must target services to getting people off the streets quickly and to help those with multiple problems."

"Someone dies on the streets every five days in London alone," said Crisis' chief executive Mark Scithers.

"They die well before their time in discomfort and without dignity. This cannot be allowed to continue."

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Shepherds watch their flocks by night as rustlers lie in wait

Stephen Goodwin

It wasn't a night to turn a dog out. The horizontal sleet turned to snow as we drove higher up the moor and it seemed hardly likely there would be any rustlers out either.

Tony Flintoft disagreed. Peering into the muck through the windscreen of an ageing Range Rover, the farmer grumbled at how the snow and mist provided good cover. With a sheep fetching up to £80 on the black market, "the buggers'll be out somewhere".

Sheep rustling is an expensive menace to the livelihoods of farmers across the fells of northern England and the Scottish Borders. But a small group on the North York moors believe they have checked the rustlers in the national park by night.

More than 3,000 sheep were stolen off the moors in 1995. But so far this year, according to data collected by Sheep Watch, only 208 have been taken. "People know we're about and it's gone a lot quieter - for now," said Mr Flintoft, who started Sheep Watch two years ago after losing 133 from his flock at Snilesworth.

He is getting reports from the Yorkshire Dales and the Bor-

ders of a corresponding increase in rustling there. North Yorkshire police statistics seem to bear out this shift in tactics. Their records show 1,800 sheep worth £77,000 stolen this year, with the biggest round-ups in Swaledale.

The "mad cow" crisis sent sheep prices soaring. Quality animals which fetched £50 at auction a year ago are now going for around £100.

The loss to the farmer of a young breeding ewe is potentially three times as much. And replacements may wander. There are no fences or walls on the heather moorland but the black-faced sheep have a generational instinct for their "heft" - or home ground.

They are rustled in small vans and cars. Tea could be crammed in the back of a Ford Escort van or three or four hobble - legs tied together - and put in a car boot. "There are no animal welfare considerations in this game," Mr Flintoft said.

Quality breeding animals could be sold at an auction well away from the moors. Coloured dyes can be washed out of the fleeces and tags removed. And once sold at auction, the aggrieved farmer has no legal claim on a sheep even if he can trace it.

The police say there is no obvious "sheep trail". But most of the animals are probably slaughtered on unlicensed premises and a lot will end up on plates in restaurants.

The rustlers, though, know the unmarked tracks of the moors as well as the patrollers. If anyone is caught in the act, they may be known to one of the eight watchers who have a shepherd's intimate knowledge of the tops and valleys.

Using five vehicles in radio contact, the group monitors the lonely moorland crossings, logging numbers and watching for vehicles "not sitting right". Suspicious are reported to the police. "We're not vigilantes," insisted Mr Flintoft.

The National Farmers Union's Mutual Insurance company has figures showing that rustling - of pigs and cattle as well as sheep - costs UK farmers £3.5m, but it suspects the true figure is much higher. Sheep Watch says moor-men have traditionally been loath to report thefts, believing it reflects badly on their sheep-keeping skills. When Mr Flintoft and Brian Cook, who had had 40 sheep taken from his Bilsdale farm, set up the group there was a good deal of decisive comment.

"Rusting has been going on for donkey's years and farmers have put up with sheep going in ones and twos," Mr Cook said. "But when £2,000 worth goes at a stroke it's a lot of money and

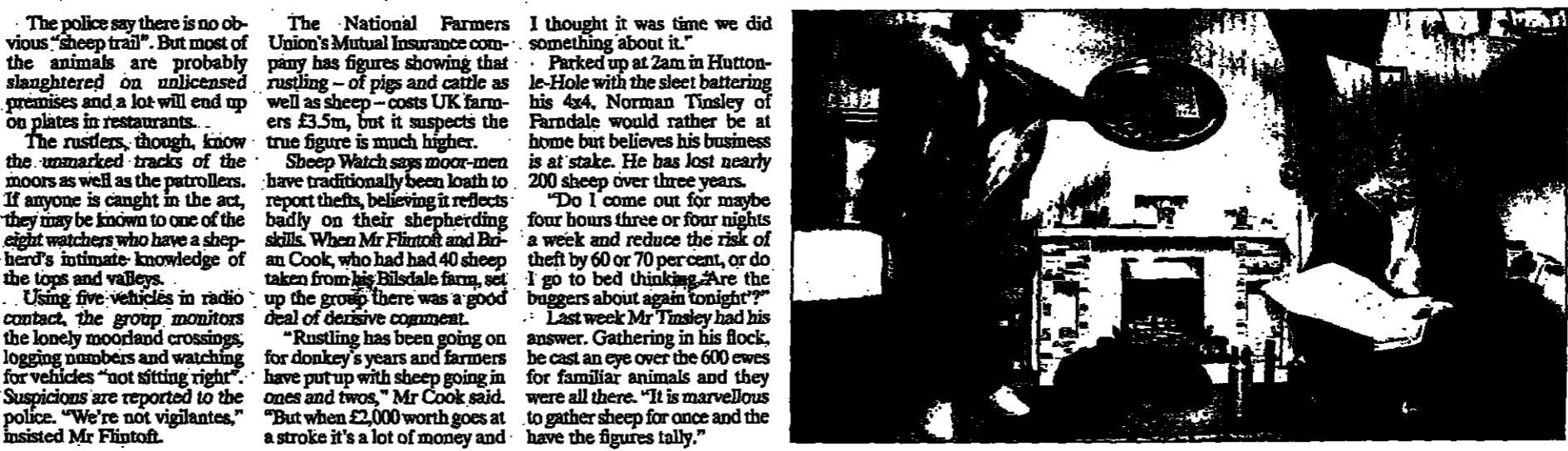
I thought it was time we did something about it."

Parked up at 2am in Hutton Hole with the sleet battering his 4x4, Norman Tinsley of Farndale would rather be at home but believes his business is at stake. He has lost nearly 200 sheep over three years.

"Do I come out for maybe four hours three or four nights a week and reduce the risk of theft by 60 or 70 per cent, or do I go to bed thinking 'Are the buggers about again tonight'?"

Last week Mr Tinsley had his answer. Gathering in his flock, he cast an eye over the 600 ewes for familiar animals and they were all there. "It is marvellous to gather sheep for once and the have the figures tally."

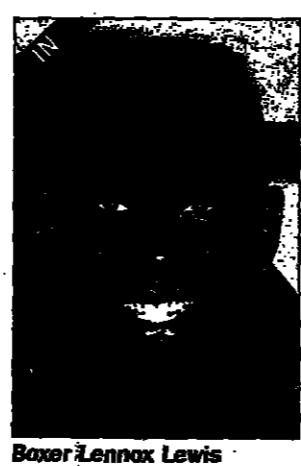
On edge: Sheep graze as darkness falls on Snilesworth Moor, North Yorkshire (above), as Pauline and Tony Flintoft prepare to go on anti-rustler patrol. Photographs: David Rose



Golfer Nick Faldo



Golfer Laura Davies



Boxer Lennox Lewis



Footballer Robbie Fowler

Cash deals that put sporting stars in a league of their own

John McKie

Sponsorship and the satellite revolution have brought a spiralling increase in the earnings of Britain's top sportsmen, a new survey suggests.

Not surprisingly, footballers, golfers and boxers dominate the list of 50 best-paid performers in the country, compiled by *Total Sport* magazine and based on income over the past year. Three-times US Masters champion Nick Faldo sits comfortably on top with £5m. Formula One on top with £5m. Damon Hill, world champion Damon Hill, finishing second on £7m.

The poll reflects the millions poured into sport by Rupert Murdoch's Sky Television and reveals a much higher earnings average than the last survey, produced in 1993 by *Business Age*. Then, cricketer David Gower - on around £250,000 before his retirement - made the Top 50. This time, he

wouldn't get a look in, with Liverpool and England centre-forward Robbie Fowler popping up the table with an estimated £474,500.

Money earned from competitive play, plus sponsorship and marketing deals qualified the nation's sporting favourites to join the elite. Notable absences include tennis player Tim Henman, athlete Roger Black and Sally Gunnell, jockey Pat Eddery, England cricket captain Mike Atherton and former England rugby captain Will Carling. Only one woman,

the golfer Laura Davies, makes the list - in 17th spot.

The growing presence of footballers in the Top 50 (29 now, as opposed to 14 in 1993) proves that satellite television's domination of the game is highly lucrative for all concerned. But sponsorship deals also raise up the pound signs in a big way. Danny Kelly, the editor of *Total Sport*, said:

"These people are bigger than pop stars and film stars in the advertising market. Whether you are talking about training shoes or cup cakes, sports stars are highly marketable."

"Nick Faldo has been earning money like that for years. He has been the name people want to get on their golf clubs, their golf balls and their golf buggies. Of the £5m, we calculated only about £300,000 came from American tour earnings."

But Britain's best still languish a long way behind their American counterparts. Boxer Lennox Lewis, who has seen his 1993 best of £10.5m dip to £4.5m, can only dream of the £26m ring rival Mike Tyson collected in 1995. Not one homespun star is found in the world Top 50 of sports earnings.

And just to prove that success is no guarantee of a bulging bank balance, rower Steve Redgrave and his partner Matthew Pinsent - Britain's only gold medallists at the Atlanta Olympics - come nowhere near making a splash in the money stakes.

Top 10 cash hits

1. Nick Faldo (Golf) £2m.
2. Damon Hill (Formula One motor racing) £7m.
3. Frank Bruno (Boxing) £5.5m.
4. Lennox Lewis (Boxing) £4.5m.
5. Naseem Hamed (Boxing) £4m.
6. Eddie Irvine (Formula One motor racing) £2.8m.
7. Colin McRae (Rallying) £2.5m.
8. Colin Montgomerie (Golf) £2.5m.
9. Paul Gascoigne (Football) £2.2m.
10. Stephen Hendry (Snooker) £2.1m.



Athlete Sally Gunnell



Tennis star Tim Henman



Cricketer Mike Atherton



Rugby player Will Carling

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4 news

Greenpeace to turn up the heat on oilfields

As Shell and BP prepare to siphon crude fuel from two seabed sites, environmentalists refocus on threat of climate change

Nicholas Schoon
Environment Correspondent

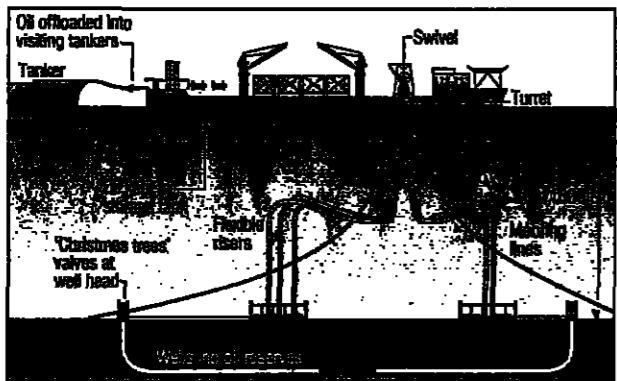
Greenpeace is to campaign against the development of Britain's most important new offshore oilfields. The environmental pressure group is keeping its options open for the seaborne direct-action tactics which are its hallmark.

The Foilaven and Schiehallion fields in the Atlantic, west of the Shetland Isles, are the great hope for the future of Britain's oil production industry with reserves worth billions of pounds. Exploiting the two fields would secure hundreds of jobs and bring in hundreds of millions of pounds in tax revenue.

But Greenpeace says the oil should be left undisturbed below the seabed to reduce the threat of man-made climate change. Whenever fossil fuels such as oil are burnt they produce carbon dioxide, which traps solar heat in the atmosphere, giving rise to the so-called 'greenhouse effect'.

It will be the first time Greenpeace has tried to stop an oil-field development on climate protection grounds.

"This should not come as a surprise," said Peter Melchett, the executive director of Greenpeace UK. "At some point we are going to have to draw a line in the sand over this issue."



A spokesman for BP said there was no question of abandoning the Atlantic frontier. "I guess we're going to have to disagree with Greenpeace. Everything we take for granted in our society – warmth, transport, plastics – comes from fossil fuels. But our solar-power subsidiary is one of our fastest growing divisions."

The new fields would play an important part in sustaining oil production from the North Sea well into the next century, he added. Production is expected to go into a long, gradual decline after reaching its all-time peak this year.

The oil companies are investing some £1.5bn in exploiting the Foilaven and Schiehallion fields, with most of the money spent in Britain. The reserves are put at over 400 million barrels, worth around £4bn.

Bringing the oil in these areas to the surface is not easy. Oil companies must cope not only with the huge waves and high winds found in the North Sea, but also with much deeper water – well over 1,000 feet – and powerful, variable sea-bottom currents.

Extracting the oil requires a new, radically different production system. The wells are drilled from a floating rig, but the valves which control the flow of oil out of them are installed on the sea floor rather than on a platform at the surface. Because it is far too deep for divers the installation is carried out using remote-control, submersible equipment.

A huge tanker-like vessel, called a floating production system, is then anchored above the well-heads and kept pointing into the wind and waves. The crude oil is carried up to it through hoses which are linked to a swivelling turret. The oil is stored on board and unloaded directly into visiting tankers. BP hopes to start production at the Foilaven field in the next few months.

Artist does dry run to keep pool wet



In the swim: Tom Geoghegan starting his campaign to save Hornsey Road Baths

Clare Garner

For most people, bath-time is a treat. But for Tom Geoghegan it is nearer a nightmare because,

from this morning, he will be lying in an open-air bath all day and all night for a week.

Togged in thick thermals and a Cossack hat, he will be sitting out his "time-based performance", entitled "bath time", to focus attention on the fact that the public swimming-pool behind him has been drained and boarded up since 1991.

Hornsey Road Baths is in Islington, the London borough which, Mr Geoghegan said, was originally called "seldon", ("seld" meaning "water") and described in the 12th century as a "place of fountains of water ... streaming forth among the glistening pebbles". The iron bath in which Mr Geoghegan

will be one of the original slipper-baths. It will be empty, like the pool inside. And the seven days and seven nights are to symbolise the Creation.

Passers-by will be invited to sign a giant, permanent petition on the front of the Hornsey Road Baths building and donate money to an architectural competition. Mr Geoghegan hopes to raise £15,000 for the competition, designed to generate a new vision for the site. "Unless immediate action is taken, the pools will be demolished and the land sold off for commercial development, depriving the community of a desperately needed public space facility."

Hornsey Road Baths were

built in 1892, with four pools, a public laundry and slipper baths. The men's first-class pool was bombed in 1941 and the site redeveloped in the Sixties. Mr Geoghegan, 35, first swam there when he was six months old.

"My nickname was The Fish, because I lived in the water. I used to live at Hornsey Baths ... It used to be a real fun place. Now it's just a big empty bath."

While he is not surrounding himself with quality bath-time accessories – there's no champagne, Bedadess or loofah in sight – he has, however, allowed himself one bath toy: a phone.

Anyone can call the artist at work on: 0171 281 5148.

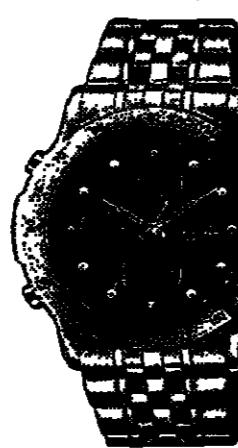
The existence of the deal emerged during an investigation by accountants Price Waterhouse into Mr Dunne's running of the group, ordered by his sister, Margaret Hefnerian after she ousted him as head of the group in 1993. In a resignation statement Mr Lowry said he was satisfied that he "had behaved with integrity and honour at all times".

Now it's just a big empty bath ... It used to be a real fun place. Now it's just a big empty bath."

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Anyone can call the artist at work on: 0171 281 5148.

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Call 0845 600 300 quoting reference IN8 local rate to find out more about this free service, which is open to everyone, not just BUPA members.

BUPA CareFinder
The nursing care advisory service

Litig
fear
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Judith Jacob

DAILY

CHRISTMAS
MESSAGE

IT'S NO TUR

Litigation fears as pupils sue schools

Judith Judd
Education Editor

Teachers yesterday deplored a "worrying" American-style tendency for dissatisfied pupils to resort to litigation, after two teenagers said they were suing their schools for educating them badly.

The cases, which could open the floodgates to dozens of similar actions, follow an out-of-court settlement last month in which a 20-year-old accepted £30,000 damages after claiming compensation for bullying at school.

However, head teachers believe it will be very difficult for the pupils, who say their education was so poor that they failed to get the GCSE grades they deserved, to prove their case. Teachers are also concerned that schools will have to spend money which is needed for pupils' education on insuring themselves against legal action.

Both cases have been made possible because of government policy which requires inspectors to say when schools are failing. Both schools are among 200 declared failing by the Office for Standards in Education.

The two ex-pupils have begun legal proceedings on the basis of inspectors' reports. They are a 17-year-old girl who left school two years ago with no GCSEs and a 17-year-old boy who got unexpectedly poor grades. Both say they were expected to do better.

They are now on GCSE courses at sixth-form colleges and are suing for the cost of retaking their exams and loss of earnings because they could not go straight into jobs.

David Hart, general secretary of the National Association of Head Teachers, said he thought the chance of a suc-

cessful case being brought against a failing school was remote. There were so many factors other than the quality of teaching that caused pupils to fail to achieve GCSE grades: motivation, family circumstances and the role of parents.

A research study by Professor Peter Mortimore and Sally Thomas from London University's Institute of Education showed that schools make a difference to GCSE performance. The amount is relatively small but it could be as much as the difference between seven Bs and seven Ds.

But Professor Mortimore said: "Research has quite a lot to say about what happens at school level, but at an individual level I think it would be extraordinary difficult to allocate responsibility for GCSE performance."

Lawyers involved in the two cases believe that those pupils with most chance of success will be those who take qualifications. Jack Rabinowitz told BBC Radio 4's *The World This Weekend*: "Here we are talking about pupils who should have done better and where the school has been labelled a failure. If you have a car where the brakes fail there are victims, similarly, if you have a school which fails its pupils, there are victims."

He said the pupils were undergoing tests from educational psychologists to try to demonstrate that they should have done better.

Doug McAvoy, general secretary of the National Union of Teachers, said many factors affecting schools' performance – what they taught and the money they were given – were beyond their control. "It is a very worrying development. It could have a devastating effect, particularly on schools' finances."

DAILY POEM

Winter Haiku

Translated by James Kirkup

The voice of the heart
expressing itself only
in panting white breath

Koko Kato

A smile that faded
away just like an ice floe
slowing to a stop

Kato Shuson

The graves of soldiers –
even in death, in the cold,
falling into fine

Yamazaki Hisao

One man digging deep
graves in winter, and singing
softly to himself

Arima Akito

Even in the begging bowl the hailstones

Santoka Taneda

Each of the five seasons in Japan (the fifth is New Year) has its own special list of "season words", writes James Kirkup. Without one of these words, the haiku is not considered to be correct.

The names of the seasons themselves can be used, but the best haiku avoid such obvious reference in favour of the subtle suggestion conveyed by something more arcane, a noun preferably without a diluting adjective.

Seasonal festivals are also acceptable, and now include many from abroad. Christmas is a great favourite with haiku poets in this virtually non-Christian land, so "balloon" is a winter season word, because it is associated with Christmas parties.

CHRISTMAS MESSAGE
A peaceful Christmas to all our friends.
May the light of your compassion
burn brightly with joy in your homes.
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Searching for the word: Andrew Fisher (facing camera) and Terry Kirk locked in combat during yesterday's grand final. Photograph: Herbie Knot

Red-letter day for new Scrabble champion

Andrew Fisher, 24, was unsure if the word "buwote" existed when he placed the seven tiles on the board in yesterday's final of the National Scrabble Championships.

But the 74-point word – meaning refreshment bar – ultimately sealed victory, and the 31-year-old accountant from Glastonbury, Somerset, emerged from the three-day event at the Forte Crest Hotel in Regent's Park, central London, as the 25th national champion. Runner-up was Terry Kirk, 34, a financial data editor, of Finchley, north London.

Between them, they saw off the challenge of 68 other competitors who won through to the final stages, including a crossword compiler, a television game show producer, students, civil servants and teachers. The youngest was just 14 years old.

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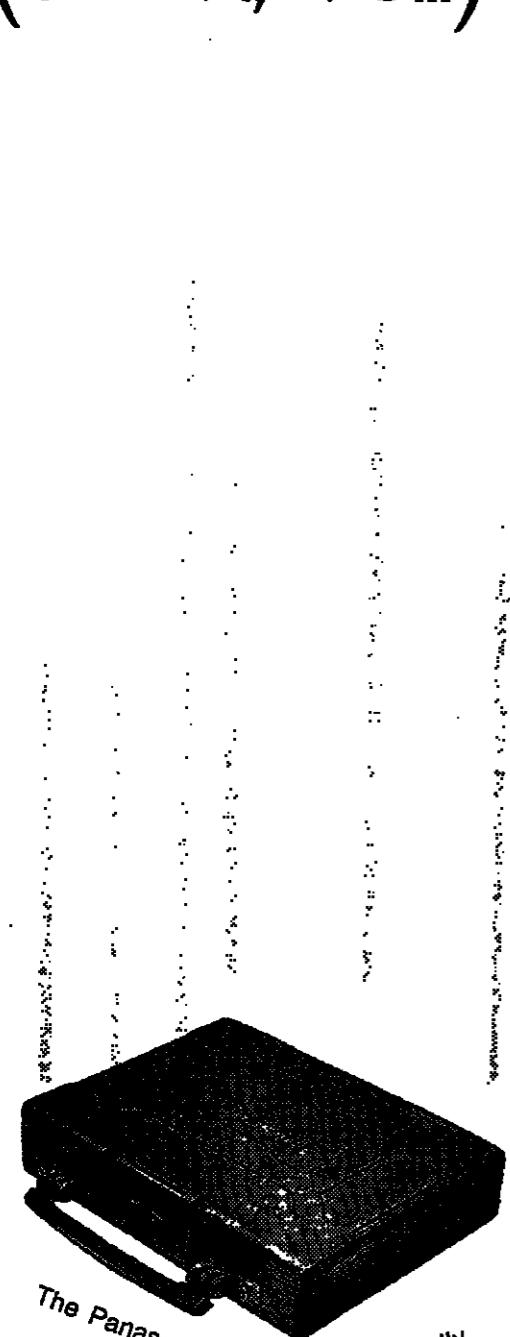
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news

Racism row resurfaces at Ford

Barrie Clement
Labour Editor

Lorry drivers' leaders at Ford's Dagenham plant are planning to protect an allegedly racist recruitment system this week by switching their union allegiance.

Representatives of truck fleet employees - the highest paid and most powerful group of blue-collar workers at Ford - have become increasingly angry with the Transport and General Workers' Union over the organisation's legal battle to dismantle a controversial se-

lection procedure. Activists have held confidential talks with the United Road Transport Union (URTU) which they believe will take a softer line than the left-led T&G. Previous attempts to switch all 300 workers en masse into the engineering union and the GMB general union were rebuffed.

It is understood that lorry drivers' representatives are today planning to dissolve their T&G branch and report back to their members tomorrow with plans to switch to the URTU.

At the heart of the dispute is a recruitment system which has meant that less than 2 per cent of the 300 lorry drivers based at Dagenham are from ethnic minorities compared with a proportion of between 40 and 45 per cent elsewhere at the Essex complex.

The T&G has taken the company to an industrial tribunal on behalf of seven black workers who have been refused jobs. The adjourned cases resume next month.

The procedures place much of the power of selection with

senior employees in the truck fleet with minimal input from more senior management.

White lorry drivers' shop stewards argue that the arrangements for testing aptitude are fair, the procedures have meant that jobs are often passed down from father to son and generally "kept within the family".

Members of ethnic minorities have found it extremely difficult to secure the much sought-after £30,000 a year jobs - the highest wages earned by manual staff at Ford.

Left-wingers in the T&G ar-

gue that while the company has a good equal opportunities record elsewhere, Ford has been reluctant to change the selection system for the truck fleet in case the drivers walked out. A strike by the drivers, who deliver parts all over western Europe, would bring Ford's production lines to a halt within days.

Some officials at the transport workers' union believe the application to the rival union has been with the connivance of management, although the company declined to comment

yesterday. Bill Morris, general secretary of the T&G, insisted that his union had no quarrel with the drivers' themselves.

"They have been caught up in carrying out Ford's policies which plainly discriminate against black people," Mr Morris said.

He argued that Ford should introduce a proper equal opportunities policy - "They must stop putting production before principles" - and said he would be seeking a meeting with Ford and with leaders of the rival union.

Mrs Pepys puts her side of the story

Marianne Macdonald
Arts Correspondent

Elizabeth Pepys has remained a shadowy figure since the celebrated 17th-century diary of her husband Samuel was published. Now, 327 years after Mrs Pepys's death, the public will at last be able to read her own journal.

They will learn how it felt when her husband fell in love with their maid, how she coped with prosperity beyond her dreams and how she bore the sadness of not having children.

Sara George's fictional account of Elizabeth's life was sold last week to Anne Williams, the publisher of Headline. "The character of Elizabeth Pepys is very warm and sympathetic and I think it will ring bells for people today," Ms Williams said.

Pepys was also a voracious

theatre-goer, and the diary, which the naval administrator kept for nine years, gives an early reaction to the plays of Shakespeare and details his

rows with his wife, the banquets which constituted their daily meals and the women whom he lusted after.

But Ms George will use literary licence to recreate the conversations had by husband and wife, and the emotions felt by Elizabeth on discovering her husband's betrayal with their maid.

"The book will be the portrait of a marriage," she said. "Pepys refers to Elizabeth almost every day, either because she walked

with him somewhere, or had a fight with him or looked very nice."

"Pepys married her when she was 15, which was uncharacteristic of him because he was always out for the main chance. To marry a girl without prospects who was so young means it must have been a love match."

"One of the themes of the diary is how their marriage progresses, and I found it quite traumatic. In the beginning it was very much a struggle. But

although they are very prosperous and well established by the end, they have encountered all kinds of personal difficulties which get worse and worse."

One was their health. Elizabeth was plagued by illness and had severe gynaecological problems. Her husband was almost certainly rendered sterile by surgery to remove a stone from his bladder.

Later, his eyesight began to fail and it was due to his probably unfounded fear of going

blind that he gave up his diary in May 1669, the year Elizabeth died of typhus. She was 29.

Another personal difficulty was the increasing loneliness. Elizabeth felt as their social status improved. "As they got richer and richer she got more and more isolated," Ms George explained.

The book, due to be published in 18 months, picks up on the 17th-century fever prompted by ITV's adaptation of Daniel Defoe's *Moll Flanders*.



Sara George: Her fictional account of the married life of Elizabeth Pepys (above left) will be 'warm and sympathetic'

Photograph: Mykel Nicolaou

Code that lays down the law for newspapers

The Press Complaints Commission sets out guidelines to which journalists should adhere. This is the list of rules

1. Accuracy

i) Newspapers and periodicals should take care not to publish inaccurate, misleading or distorted material.

ii) Whenever it is recognised that a significant inaccuracy, misleading statement or distorted report has been published, it should be corrected promptly and with due prominence.

iii) An apology should be published whenever appropriate.

iv) A newspaper or periodical should always report fairly and accurately the outcome of an action for defamation to which it has been a party.

2. Opportunity to reply

A fair opportunity for reply to inaccuracies should be given to individuals or organisations when reasonably called for.

3. Comment, conjecture and fact

Newspapers, whilst free to be partisan, should distinguish clearly between comment, conjecture and fact.

4. Privacy

i) Intrusions and inquiries into an individual's private life without his or her consent, including the use of long-lens photography to take pictures of people on private property without their consent, are only acceptable when it can be shown that these are, or are reasonably believed to be, in the public interest.

ii) Publication of material obtained under i) above is only justified when the facts show that the public interest is served.

Note - Private property is defined as i) any private residence, together with its garden and grounds, but excluding any adjacent fields or paddocks and the surrounding parts of the property within the unaided view of passer-by; ii) hotel bedrooms (not bedrooms in a hotel); and iii) those parts of a hospital and a nursing home where patients are treated or accommodated.

5. Listening devices

Unless justified by public interest, journalists should

not obtain or publish material obtained by using clandestine listening devices or by intercepting private telephone conversations.

6. Hospitals

i) Journalists or photographers making inquiries at hospitals or similar institutions should identify themselves to a responsible executive and obtain permission before entering non-public areas.

ii) The restrictions on intruding into privacy are particularly relevant to inquiries about individuals in hospitals or similar institutions.

7. Misrepresentation

i) Journalists should not generally obtain or seek to obtain information or pictures through misrepresentation or subterfuge.

ii) Unless in the public interest, documents or photographs should be removed only with the express consent of the owner.

iii) Subterfuge can be justified only in the public interest and only when material cannot be obtained by any other means.

8. Harassment

i) Journalists should neither obtain nor seek to obtain information or pictures through intimidation or harassment.

ii) Unless their inquiries are in the public interest, journalists should not photograph individuals on private property (as defined in the note to Clause 4) without their consent; should not persist in telephoning or questioning individuals after having been asked to desist; should not remain on their property after having been asked to leave and should not follow them.

iii) It is the responsibility of editors to ensure that these requirements are carried out.

9. Payment for articles

i) Payment or offers of

payment for stories or information should not be made directly or through agents to witnesses or potential witnesses in current criminal proceedings, except where the material concerned ought to be published in the public interest and there is an overriding need to make or promise to make a payment for this to be done.

Journalists must take every possible step to ensure that no financial dealings have influence on the evidence that those witnesses may give.

10. Interviewing or photographing children

i) Journalists should not normally interview or photograph children under

11. Innocent relatives and friends

Unless it is contrary to the

public's right to know, the

press should avoid identifying

relatives or friends of persons

convicted or accused of

crime.

12. Interviewing or photographing children

i) Journalists should not

normally interview or

photograph children under

13. Subterfuge

i) Subterfuge can be

justified only in the public

interest and only when

material cannot be obtained

by any other means.

14. Victims of sexual assault

The press should not identify

victims of sexual assault or

publish material likely to

contribute to such

identification unless there is

adequate justification and, by

law, they are free to do so.

15. Discrimination

i) The press should avoid

prejudicial or pejorative

reference to a person's race,

colour, religion, sex or

sexual orientation or to any

physical or mental illness

or disability.

ii) It should avoid giving

details of a person's race,

colour, religion, sex or sexual

orientation unless these are

directly relevant to the story.

16. Financial journalism

i) Even where the law does

not prohibit it, journalists

should not use for their own

profit financial information

they receive in advance of its

general publication, nor

should they pass such

information to others.

ii) They should not write

about shares or securities in

whose performance they

know that they or their close

families have a significant

financial interest without

disclosing the interest to their

editor or financial editor.

iii) They should not buy or

sell, either directly or through

nominees or agents, shares or

securities about which they

have written recently or about

which they intend to write in

the near future.

17. Confidential sources

Journalists have a moral

obligation to protect

confidential sources of

information.

18. The public interest

Clauses 4, 5, 7, 8

Cargo ships set sail for a greener sea

Old techniques may help reduce pollution and give passengers a cruise with a difference

Clare Garner

An innovative British shipping company is planning to build a fleet of cargo vessels that will use sails to help the environment and attract cruise passengers.

As well as carrying cargo such as fresh produce, and building and fishing materials, each of The Bright Green Shipping Company's sail-assisted ships will also take 12 passengers for what it describes as "Habitat goes to sea" style cruises. On board during the two-week trips there will be courses in Caribbean cooking, astronomy and navigation.

Initially, the company is building and operating two Green Ships between Canada and the Caribbean which will each have the capacity of 18 articulated lorries, but plans are already afoot to link up with a company called Island Hotels in Australia to run a service between there and the Solomon Islands. The company aims to operate in eight other identified markets within 10 years.

Jeff Allen, 47, is the brain behind the concept of sail-assisted ships, which he claims will not only reduce fuel requirement and therefore polluting emissions but also provide a "regular, faster, cheaper service".

"We have spent a considerable amount of time in Nova Scotia talking to exporters and already have commitments for over 140 per cent of our target cargo capacity," he said.

The cost of transporting one tonne of freight from Maritime Canada to the Caribbean by air is \$2,000 (£1,250) and takes three days. The cost by transhipment - by lorry and then boat from Montreal - is \$165 and takes 19 days. The company claims that it will transport freight the same distance in nine days for US\$100. Furthermore, the Green Ships' use of sail increases stability, thereby allowing year-round operation.



Full ahead: The Atlantic Clipper sailing ship, built in Wales in 1985, which is similar to the type the Bright Green Shipping Company is developing (right)

Although he has had a career in shipping, it was Mr Allen's love of ocean yacht racing that gave him inspiration. Conventional shippers have increased the size of their ships in order to drive down prices, but these larger ships are unable to service small island ports. As a result, small island communities have become increasingly isolated.

With streamlined hulls and modern soft sail technology, the Green Ships are supposed to be more economically efficient and therefore able to service

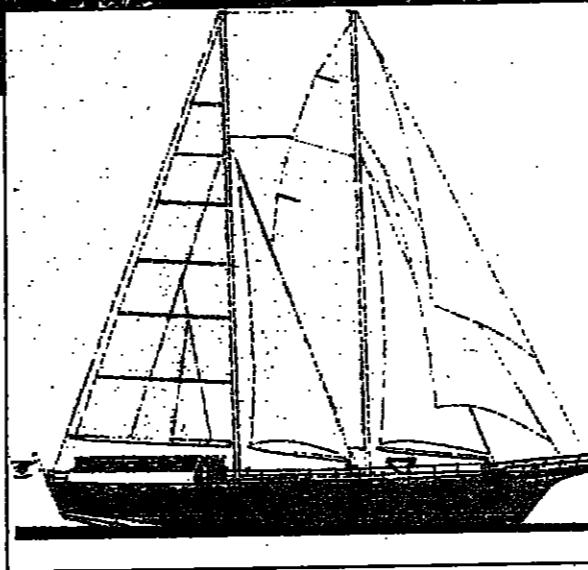
routes which are no longer viable for conventional ships. The ships are in the final design stages and should be up and running this time next year.

Captain Christopher Chamberlain, chairman of The Bright Green Shipping Company and former sailing master of the Royal Yacht, said: "I am a great fan of sail technology, not because it is romantic, although to be aboard a Green Ship under full sail will be an exhilarating experience, but because sail allows for greater efficiencies and so drastically improves the

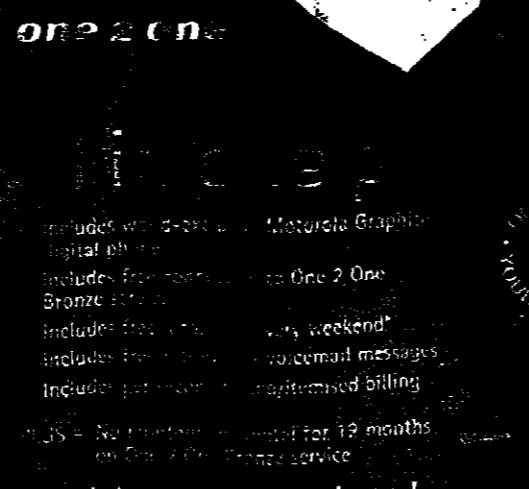
economics of running relatively small vessels."

The company is confident that its cruises will go down well. Cruise holidays generally are popular with Americans with over 40 million of them predicted to go on one in the next five years.

The company is currently negotiating with Atlantic Ambassadors, a large Canadian tour operator, which believes it can sell 65 per cent of passenger occupancy in the first year and 78 per cent thereafter.



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Emu is ready for take-off – but will it

Most European Union governments and financial markets now believe that the euro, the EU's planned single currency, will be launched on schedule in January 1999. Alongside this faith, however, exists considerable uncertainty about some of the project's most important aspects.

Which countries will be in the euro, and which will remain outside, voluntarily or not? What rules on economic and financial discipline will participating countries bind themselves to observe in order to make the project a success?



to a common fiscal policy, and so to a political union transcending national sovereignties?

Finally, are ordinary Europeans genuinely ready for the euro? A recent opinion poll in Germany, without whose participation the single currency is unthinkable, showed that only one in five people wanted the euro in 1999.

Under the Maastricht treaty timetable, participating countries will irrevocably fix their exchange rates in January 1999. The euro will gradually replace national currencies in the first half of 2002.

Will the euro lock in dangerously high levels of unemployment in those countries using it? To what extent will the euro lead

Yet at the start of this year, there were many doubts over the wisdom of sticking to this timetable. Much of Europe was stuck in the economic doldrums, and most EU states seemed likely to experience difficulty in meeting the Maastricht criteria for joining monetary union.

Hence a common opinion was that, if the euro went ahead on time, membership in the first instance would be restricted to Austria, Belgium, France, Germany, Luxembourg and the Netherlands, with Finland and Ireland fairly credible con-

tenders. Britain, Denmark, Greece and Sweden were viewed as certain or almost certain not to join in 1999, and Italy, Portugal and Spain were seen as doubtful.

These predictions have come under assault in recent months, largely because the "Club Med" states – Italy, Portugal and Spain – have made desperate efforts to cut spending and raise revenues so that they can qualify for first-wave membership. The European Commission even suggested in early November that 12 countries would broadly meet the Maastricht

criteria in 1997, although it grouped Italy with Britain and Greece as the countries not making the grade.

Such forecasts hold little appeal for Germany. Fearful of being manoeuvred into accepting a "soft euro", German officials have moved the argument away from the issue of which countries may fulfil the public-debt and budget-deficit criteria in 1997, and towards the more fundamental question of which countries are capable of surviving over the long term in a "hard euro" zone.

The implication is that Italy,

and perhaps Portugal and Spain, will be kept out of the euro's founding group in 1999. However, they might be allowed to join the final phase of monetary union in 2002, or soon afterwards, if they show their recent conversion to budgetary discipline is not a one-off wonder.

Whether this will satisfy the Italiots is another matter. The Prime Minister, Romano Prodi, has warned apocalyptically that, if Italy suffered the humiliation of not being a founder-member of the euro,

disrupt the project. One is turbulence on financial markets, destroying exchange-rate stability among prospective single-currency members. The other is social unrest, in the form of strikes and public protests against the austerity measures being introduced across the EU to ensure the euro is launched on time.

Yet most EU leaders are determined to go ahead. If nerves hold in France and Germany, the key players in the game, the euro will become a fact of life. Two developments could still

Tony Barber, Europe Editor

Casualties litter road to unity

Swelling dole queues, labour unrest, eroding living standards and rampant social insecurity are poised to usher in the age of the euro. Many Germans resent the abolition of the mark, but most accept the new currency will arrive on schedule, and are now discovering more will be lost in transit than their most potent emblem of nationhood.

Because of the euro, those who had looked forward to their imminent retirement will have to wait a few more years. The pension age was the only thing raised in the government's latest manoeuvres to shave a few decimal points off the budget deficit. Everything else is being cut.

The Maastricht treaty had decreed at German insistence – a 3 percent ceiling on public borrowing, which Bonn bust last year, will bust this year, and is in danger of crashing through in 1997. To qualify for Emu, which half the country does not want, Germans are being asked to give up some of their recent heritage: a cossing welfare system, outstanding public services, and social consensus. In short, the German model is being chipped away.

The first victim to fall under the euro-bandwagon was the programme to halve unemployment by the turn of the century. Chancellor Helmut Kohl promised that to the unions earlier this year. But then the numbers were added up and Mr Kohl discovered he had no money to create jobs, short of scuppering Emu.

So unemployment keeps climbing, high above the once intolerable level of 4 million, not counting another million who are on temporary make-work schemes. They are next in the firing line. Some job creation programmes will be abolished from next year – lobbing a bit more off the dreaded deficit. In the east, where

GERMANY

one-third of adults have no real jobs but are offered self-respect through various "retaining projects", hundreds of thousands will find themselves redundant.

The dole is also being cut, as is sick pay. As the spending squeeze filters through to local authorities, services will have to be reduced, and libraries and schools shut, putting yet more people out of work.

Building works are being shelved, though the government has pledged to continue the reconstruction of the east. The Reichstag and the new government quarters will be ready by 1999, but how the rest of Berlin will cope with its bankrupt finances the city fathers cannot fathom.

Economists have calculated Mr Kohl still needs to find 10bn German marks (f4bn) in next year's budget to attain the Maastricht criteria. It is the same amount the coal industry receives in subsidies every year. The government has discovered this happy coincidence, and is rumoured to have developed a secret plan to cut this item from its expenditure. The resulting pit closures would rob tens of thousands of people of their livelihoods in the Ruhr.

Not all the effects of the scramble towards monetary union have been negative. Exporters are gathering the windfall from a sliding mark. However, the government has not been able to trumpet this success. The mark is falling because it is being dumped by investors in the expectation that it will soon be replaced by a less trustworthy currency – a verdict Mr Kohl would not wish to publicise.

Imre Karacs in Bonn



Is the race to meet the Maastricht criteria crucifying Europe's workforce? Even German workers, like these protesting about job losses in Bremerhaven, are finding the demands intolerable. Photograph: Reuter

Charm fails as the mask slips

FRANCE

Until recently, the question of the single European currency was one of those (many) issues of national importance that are the preserve of the French political elite. The public held a generally benevolent feeling towards a single currency: accepting it as part and parcel of being a good European. And, even when their lorry drivers are blocking EU commerce, the French consider themselves exemplary Europeans.

But there was no real discussion. The fact that the euro will replace the franc, that a central European bank will dilute national economic sovereignty, that France's high labour costs will be shown up for what they are, were not mentioned.

The government also made great efforts to deflect responsibility from Brussels whenever "Europe" risked being blamed for unpopular measures, even when it meant ministers taking the flak. The reform of the expensive welfare system last year, which precipitated a month-long revolt by public-sector trade unions, was defended as necessary for national good housekeeping, not as a measure forced by the Maastricht criteria for the single currency.

The government has taken the same approach this year. The public sector has been too scared about job security to protest in earnest. Lorry drivers notwithstanding, this is largely because government tactics during this year's budget discussion have been far more sophisticated.

There have been promises of tax cuts, the freeze on public-sector pay has been lifted (in principle only), restructuring plans (for railways and banks) have been suspended as soon as real trouble was sighted, and other potential trouble spots, such as local transport, have been bought off.

Mary Dejevsky in Paris

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THE INDI

send Europe's economies into freefall?

Search for salvation could damn a nation

For the longest time, at least as far back as Dante, European integration has meant just one thing to Italians: salvation. Salvation from their status as a joke country on the southern rim of the continent, salvation from nepotism and corruption in public life, salvation from an incestuous, conspiratorial brand of government.

But salvation, as this Catholic society is discovering, does not come without a passage through purgatory. For years Italy persuaded itself of the high-minded ideals of European integration while ignoring the price it would have to pay. It treated Europe like a dream come true, merrily soaking up development funds and agricultural subsidies while ignoring production quotas, economic targets and commitments to liberalise trading practices.

Now, with a single currency around the corner, the crunch has come. All those decades of wanton public spending, of Byzantine bureaucratic structures, of chronic political instability, of economic strength based on unaccountable family structures, are going to have to come to an abrupt end if Italy is to have a chance of making the A-team when monetary union gets off the ground on 1 January 1999.

In one sense, the reform process began four years ago, when magistrates felled the entire political order through relentless exposure of its rotten core. But that, it turns out, was

ITALY

the easy part. The tough part has been paying for the profligacy the magistrates uncovered. Last year's prime minister, Lamberto Dini, made a start by reducing the budget deficit for the first time since the 1960s. But the bulk of the burden has fallen on the present government, which is trying to raise more than 60 trillion lire (£25bn) for next year's budget.

Being a broad, unstable coalition, the team led by Prime Minister Romano Prodi has found it difficult to attack deep-rooted lobbies, and has opted for the simplest, most painful, option - a budget package based overwhelmingly on tax increases.

Italy already has one of the highest income-tax thresholds in Europe - around 50 per cent, on average - and now tax-payers are going to be whacked with a one-off Euro-tax meant to cover a quarter of the budget package. Italians are famed tax evaders, so half the country will end up crippled by taxes while the other half will continue to pay none at all.

The new budget proposals have cast a pall of gloom over the country. When the centre-right opposition organised an anti-tax demonstration in Rome three weeks ago, more than half a million showed up.

If Italy is lucky, the pain will be temporary, the country will qualify for monetary union on time and a healthier, more

stable political environment will evolve in conjunction with new pan-European structures.

That is the dream scenario. If Italy is unlucky, the budget won't do enough to clean up the public finances, tax increases will continue alongside cuts in pensions, the country will have to wait for admission to the single European currency and the mood will turn truly ugly.

Deep social unrest, political turmoil - possibly including secession by the northern third of the country - a new ascendance of the Mafia; these are the nightmare scenarios. Italy will have to be careful that salvation through Europe does not mutate into eternal damnation.

Andrew Gumbel in Rome

The race to cross the Maastricht threshold

General government borrowing, 1996 (% of GDP)



Dream sours after years of recession

Spaniards, understandably, want to have their cake and eat it. A survey this week found that almost two-thirds think that Spain should join the single currency by 1999 "but only if this does not demand important economic sacrifices".

The austerity measures which were imposed in pursuit of the 1999 deadline are already rebounding against the government. After only seven months in power it has fallen behind the Socialist opposition in popularity. But, desperate to herd Spaniards through the European gates in time, the conservative Popular Party reckons it can afford a stretch of unpopularity in its mandate.

Despite grumblings, the corset is being tightened without causing widespread revolt. The trade unions, cowed by unemployment of 22 per cent and by proliferating short-term ("junk") labour contracts, are protesting, but only feebly.

Most affected are the public sector workers, whose wages have been frozen. But a planned public sector strike on 11 December seems unlikely to shake the government. The coal miners have been more successful. Strikes two weeks ago against plans to remove the industry's bloated subsidies prompted the government to step back rather than face a showdown. But the "reconversion" of this high-cost energy producer has only been postponed.

For millions of Spaniards - the unemployed and those in working in doomed state industries - the European dream so widely shared 10 years ago

SPAIN

has soured. Spain's love affair with Europe was always primarily political rather than economic. Membership in 1986 set the seal upon the post-Franco democracy, ended decades of isolation and offered the ultimate guarantee that the general would never return.

This explains Madrid's eagerness to chime in with the European chorus, to work hard and pass the exam. Spain makes up in commitment what it may lack in economic performance, but the euphoria has evaporated under the impact of one of Europe's longest and deepest recessions. Even now, with the economy picking up, consumption is stagnant and the popular mood is sombre.

Spain falls short on all the criteria for monetary union, although not drastically so. The key indicators are moving the right way and experts believe that it has a fighting chance of making it first time round.

Failure to meet the 1999 deadline would be a devastating blow for the government. When in a rash moment this spring, the new Finance Minister, Rodrigo Rato, talked of "stopping the clock" on monetary union, he was forced to eat his words before lunchtime. The public may have felt relieved. However, now that Spain's economy is so bound up with the rest of Europe, they would certainly be fearful of what might follow.

Elizabeth Nash in Madrid



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The building of a nation

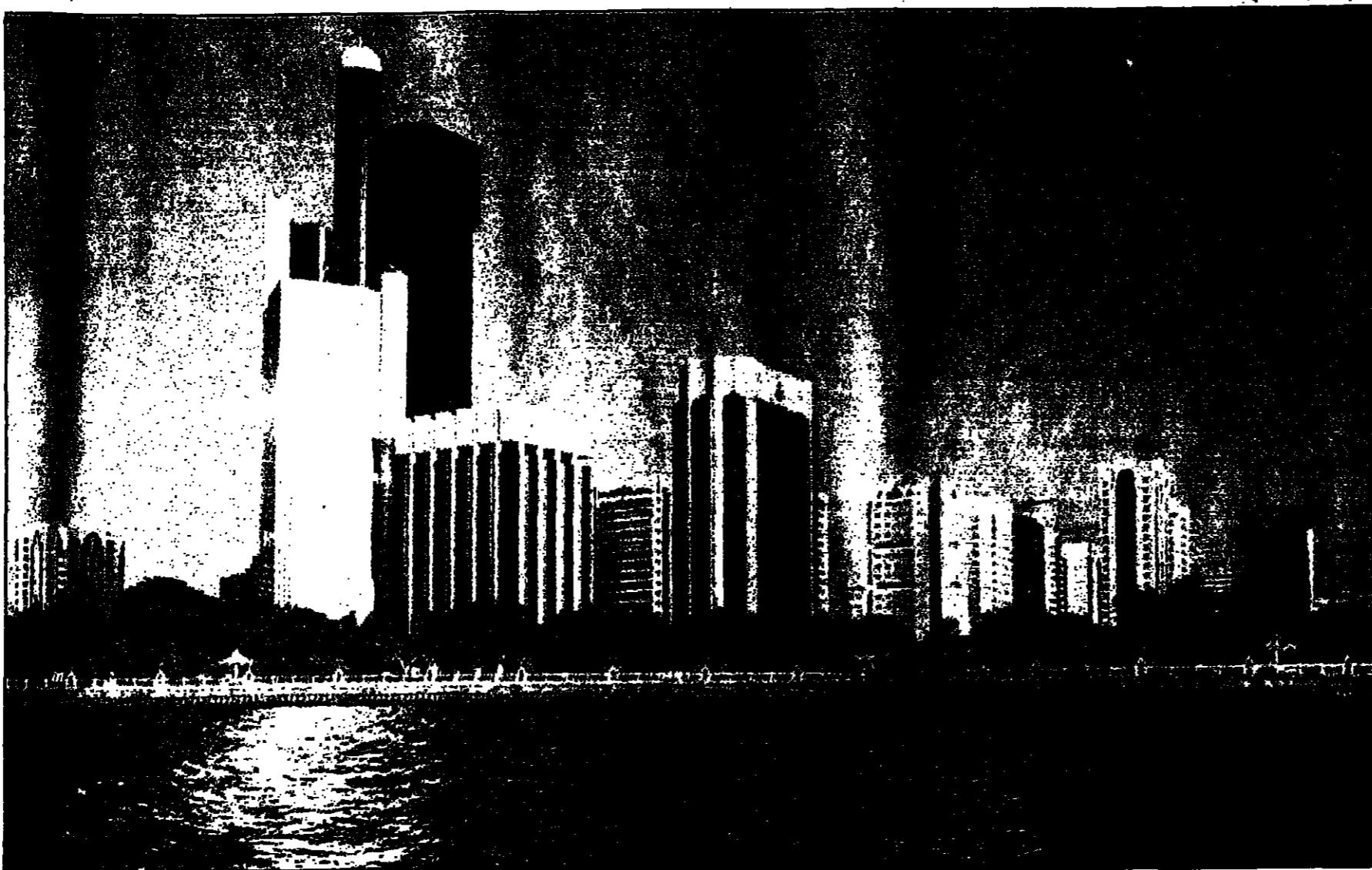
When the new country appeared, 25 years ago today, the world did not sit up and take much notice. It was the smallest of cogs in the global economy. The market for its pearls had disintegrated decades before. Lying on the southern shores of the Gulf, it depended largely on subsistence date farming and fishing. Infrastructure was a few schools and clinics, the oil industry an infant. Life was solitary: dhow, airstrips and Land Rover tracks made up its communications. It was also short. Life expectancy was in the mid-fifties.

It now helps to fuel world growth. Its population – up from 180,000 in 1971 to 2.3 million today – enjoys one of the world's highest standards of living. Its gdp has grown from less than \$2 billion to reach almost \$40 billion last year. Six international airports, 15 seaports and a telephone for every three people have done away with isolation. Journeys on land that needed a day or more – plus a skilled driver, a sound constitution and a stronger truck – now unroll on sleek highways in a couple of hours. Life expectancy has increased to 73, above the average of the developed countries of which it was once so obviously not a part.

Seven emirates federated into the United Arab Emirates in 1971: Abu Dhabi, Dubai, Sharjah, Ras al Khaimah, Umm al Qaiwain, Ajman and Fujairah. Across them, the physical changes are startling. A thousand companies operate from what was a waste of sea and scrub outside Dubai, whose container ports handle more traffic than Seattle or Tokyo. The salt and sand shoreline of Abu Dhabi city has become a promenade of palms and flowers, and behind it gleam steel and glass towers. Inland, in a country where further education once meant studying abroad, the small desert settlement of Al Ain is changed into a thriving university city amid thousands of acres of new trees.

Oil, of course, has supplied much of the fuel for this expansion. The UAE has the world's third largest proven reserves, enough to last for a century at current production levels. The non-oil sector, however, now makes up two thirds of gdp. Construction is a multi-billion dollar industry, with manufacturing and distribution growing apace. Positioned astride major shipping and air routes, with low taxes and excellent banking services and communications, the Emirates have become a focal point for a region

In 1971, the United Arab Emirates was an unconsidered newcomer in the global economy. Today, as Richard Morgan explains, it has one of the highest standards of living in the world



Economics and the environment in perfect harmony: The UAE capital Abu Dhabi has developed into one of the most technologically advanced yet picturesque cities in the world

stretching from East Africa and the Indian subcontinent to the former Soviet republics of central Asia.

Advances are measured in more than runways built and air conditioners installed. Social indicators that made grim reading when the federation was formed – in health, diet, housing, education – have been turned around.

All Emirates now qualify for cradle to grave welfare benefits. Education –

with the high teacher-pupil ratio of one to 12 – is universal. Small mountain communities have schools. The young are all literate. The university at Al Ain is complemented by a chain of Higher Colleges of Technology where students

acquire the skills – in avionics, accountancy, IT, telecoms – needed in modern business and industry.

Illiteracy among adults, once overwhelming, has been reduced to 15

per cent, and continues to fall with special literacy classes. Women are not excluded from national life.

They make a majority of the undergraduates at Al Ain and include pilots and a quarter of government decision makers. Abu Dhabi had no hospital at all until 1967. An immense effort in health – where government spending and investment has increased half as fast again as gdp – has seen

infant mortality, a key indicator, fall to the levels of the most advanced countries.

The federation itself is the first successful experiment in unification in the Arab world. It is an achievement; the early prospects, in an age of nationalism and a turbulent area, were not good. Four days before its formation, indeed, the Iranians illegally seized the three Gulf islands of

Abu Musa and Greater and Lesser Tunbs. Recent Emirati appeals for fresh bilateral negotiations or impartial arbitration from the International Court of Justice have won international backing, but have fallen so far on deaf ears in Teheran.

Internationally, the young country

has come fully of age under Sheikh

Zayed, the Ruler of Abu Dhabi since

1966, and President of the UAE

since its foundation. It contributed a military contingent to serve with the international UNISOM I and UNISOM II missions in war-torn Somalia. Many wounded Bosnians were treated in Emirati hospitals at the height of Serbian ethnic cleansing. The Abu Dhabi Development Fund, set up 25 years ago at the direction of Sheikh Zayed, has supplied \$2.8 billion in overseas loans, aid and grants. A 1996 report of the International Red Crescent and Red Cross Societies shows that the Emirates ranks seventh among world donors, a remarkable performance by a small nation.

Political stability, with continuity supplied by Sheikh Zayed, is based on old traditions of consensus and tradition. The Majlis, the council open to all where the individual can voice his opinions and complaints to his Sheikh, has been retained to operate alongside modern federal institutions. The physical past is also preserved. A big archaeological programme is extending knowledge of previous civilisations, which date back for six millennia. The recent past, the harsh and independent lives of pearl divers and Bedu nomads, is displayed in the old fort at Dubai, transformed into a spectacular museum.

Oil has not been allowed to ruin the landscape; its energy is used in massive desalination plants that produce a flow of sweet water that is creating soft swaths of green. That the cities should have shade, and parks and gardens, confirms the steady attention paid to human as well as material progress; it is a pleasant by-product of wealth. The effort in the countryside is of a different scale. Forests, not seen since a brutal climatic change 5,000 years ago, have arrived in the desert. New oases are fed by dams, and the piping of waste and desalinated water. A place long synonymous with barren waste supplies Covent Garden with strawberries, avocados, melons and fresh-cut flowers.

The water and the leaf canopies succour wildlife. Birds that paused for a few moments on their migrations, before flying on to more hospitable territory, now make extended layovers. On the offshore island of Sir Bani Yas, Sheikh Zayed has planted millions of trees to create a wildlife sanctuary for threatened Arabian oryx and Sand gazelle. The national emblem is a falcon, not an oil well. It is that spirit which has attracted a bird of passage rarely seen in an oil state – the tourist.

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Policies

Taming the desert wastelands

The land has always had a feral beauty of its own. In the deserts, deep reds run into gravel greys, the sky catches the glimmer of the opaque sea near the coasts and the mountains of Fujairah tip steeply into the Indian Ocean. Apart from the sudden green of a oasis, however, it was undeniably arid. Trees and moisture remain precious – what the oak was to the ocean-going British, the date palm remains to the Emirati – but they are no longer rare.

A massive investment in plant, dams and piping has brought tree stands and flourishing desert farms. Using sea water and cheap energy from oil, the coastal desalination plants now supply two thirds of the country's sweet water. Two new units that recently came on stream are among the biggest in the world, but further expansion is planned to cope with demand. A pilot project is exploring the use of solar energy in desalination. Dams have been built to prevent the water from sudden downpours from running uselessly into the sea. Satellite scanning is being used to locate desert aquifers, followed up by test drilling to make use of reserves deep in the limestone.

In the mid-1940s, when Sheikh Zayed was the ruler's representative in Al Ain, he was well aware that a key task was the maintenance of the subterranean water channels, the falajah. Without them, the region would have become treeless and sterile. The lesson was well learnt. The UN's Food and Agriculture Organisation considers the modern irrigation system to be a model, and presented Sheikh Zayed with an award last year in recognition of it.

More than 130 million trees have been planted in Abu Dhabi alone, bringing micro-climates in which the temperature drops by several degrees. Among them are 25 million date palms; over generations, they provided beams for ceilings, woven screens for walls and the hulls of inshore fishing boats, and fibre for ropes and baskets, as well as food. Ironically, they suffered from an oversupply of water last spring, when prolonged rains washed away the pollen needed for fertilisation. There are now enough of them to make the Emirates a major exporter of dates. Home-grown food,

however, now stretches much further than the dozens of recipes ingeniously devised to disguise the ubiquitous taste of the date.

New desert farms – there are now some 20,000 of them, mainly small family-run affairs – have turned the country from import-dependency in food to 90 per cent self-sufficiency. The process is remarkable. Bulldozers roar over the desert in mechanical choreography to flatten sections of desert before the miles of irrigation pipes are laid. As the desert is rolled back, some quarter of a million acres have been gained for agriculture. A happy consequence of the new fields and leaf canopies is the abundance of birdlife, and the arrival of 'twitchers' from overseas who come to record it with binoculars and telephoto lenses. Over 400 species now visit once waterless terrain, and a quarter of them stay long enough to be known to breed.

The cities are also benefit from water, of course: Al Ain, with its spreads of plantations and low rise buildings, prides itself on being a garden city far from the sea. Nine-tenths of the moisture needed for Abu Dhabi's score of public parks and gardens is waste water recycled through a treatment plant. To encourage individual gardens to soften the glare of concrete and steel buildings, city residents are given free plants and advice on acquiring green fingers. Sharjah has an awareness campaign – and fines – to prevent the gold that greens from being squandered, even though it has increased water production from a few buckets over a million gallons a day in 1971 to 50 million now.

However much this soothes the soul – splashes of colour warding off the hammer blows of the high summer sun – it is more than a cosmetic exercise. The greening of the land is helping to open up a new industry, tourism. It has slashed an import bill that would otherwise have been swollen by the increase in the number of mouths to feed. A world away from the rains and southwesterlies of the Channel Islands, heads of Jersey's chew their way through locally grown alfalfa and satisfy 90 per cent of the demand for dairy products. Cereals are cut in the great fields of Liwa and Ra's al-Khaymah. The experimental farm on Sir Bani Yas island, which wildlife shares with apples, pears, pineapples, oranges and olives, has succeeded to such purpose that market gardeners on the mainland now supply these fruits – and strawberries, grapes, guavas – to Europe.



Spiritual oasis: A mosque nestles in the middle of the flourishing palm forest in Al Ain

al-Khaymah. The experimental farm on Sir Bani Yas island, which wildlife shares with apples, pears, pineapples, oranges and olives, has succeeded to such purpose that market gardeners on the mainland now supply these fruits – and strawberries, grapes, guavas – to Europe.

Social gains run hand in glove with economic ones. Agriculture provides jobs, directly and in support services, that are bringing prosperity to rural families and slowing the drift to the cities.

One experimental farm, between Abu Dhabi and Al Ain, is special for

its motivation is the development of people rather than crops. Sixteen badly handicapped youngsters work its 30 acres, growing tomatoes, chillies and aubergines for market, and acquiring, in a stable community with specialist medical help available, the pride of earning their own living.

Diversification is key to the future

With proven reserves of 100 billion barrels, equivalent to almost 10 per cent of the world total, oil remains the prime mover in the economy. Despite the comforting knowledge that they will last to the end of the next century at today's production levels, firm emphasis is put on diversification away from oil. Non-oil earnings doubled in the first half of the decade. In energy, for example, the development of massive gas reserves will take precedence over the next few years. Production from these fields will be earmarked as feedstock for new petrochemical plants.

Expansion in services like banking and tourism are key to the drive to strengthen the non-oil sector. The country benefits from excellent communications – advanced telecoms, for example, with Internet access, e-mail, teleconferencing, virtual private networks and every other all singing and dancing add-on of the IT age – and a strategic position.

The lengthy coastline has 15 ports, two of them with direct access to the Indian Ocean in Fujairah. Jebel Ali in Dubai is the largest man-made deep-water harbour in the world, a behemoth with 67 berths on its miles of quays. Trucking links north to Qatar, and to Saudi Arabia, are good. A rail network to link the Emiratis to its neighbours has been mooted. There are six international airports; Dubai ranks in the world's top ten. They support a rapidly growing sea-air cargo transfer business.

Construction is a massive industry, the value of commercial building in Abu Dhabi alone last year was put at \$3.1 billion. This year, an Italian construction company specialising in marble won a \$408 million contract to build the world's fourth largest mosque in the city. In metals, the Dubai Aluminium Company, is boosting capacity by half to capitalise on low energy charges to produce the power-hungry metal at well below average cost.

Cheap gas makes a formidable combination with low-cost bauxite shipped from India to efficient ports, other Emirates may also invest in

smelters. Manufacturing in aluminium, food, beverages and tobacco, and textiles, has had substantial recent investment, as well as chemicals and plastics and other downstream petroleum products.

Free-trade zones host much of this activity. Jebel Ali, outside Dubai, is now fifth in the world rankings. Once scrubland and sea, a thousand companies have been attracted to it by fiscal incentives which include 15 year exemptions from personal and corporate taxes, 100 per cent repatriation of capital and profits and access via its strategically-placed port to the Indian subcontinent, a market of a billion people, as well as the Middle East region. Big multinationals such as General Motors, Aiwa, BP and Heinz are among the companies operating from the zone.

A new free-zone at Dubai airport got a feather in its cap when it acquired Boeing as a client. The aircraft maker will operate a regional centre for spare parts and maintenance support from the zone, which is well positioned for servicing markets in East Africa and in the former Soviet republics of central Asia as well as the closer region. Oil production in Dubai is likely to fall at the end of the decade, and the Emirati is making vigorous efforts to entrench itself as a regional trading, tourist and corporate centre. Good hotels, shopping malls and entertainment are being used to woo foreign companies to settle in the Emirate. They also attract tourists, and the government hopes to boost tourism to a fifth of gdp.

The same free-zone route to diversification is being adopted by Abu Dhabi. The government will plough around \$3 billion into a complex of huge storage facilities, a new port and airport, and commodities trading exchanges to be built on Sadiya island.

A four-mile bridge will connect the island to the mainland. An industrial park is to open at Tawilah to the east of the city. Competition fierce, with Fujairah expanding its existing zone. Ajman will shortly start building the infrastructure necessary for a new zone of its own. In an economy that could easily have rested on oil, strength is found in diversity.

Tourists flock to join the professionals

Of all the human species an oil state may attract – geologists, toolpushers, accountants, bankers – tourists seems the most unlikely. This is, after all, a working country in whose trade statistics the sales of swimsuits and suntan lotion play no visible part. Nevertheless, they are coming, with a steady rise in arrivals that suggests they like what they find. The numbers, while not enough to spoil a country the size of Portugal, reached well over two million last year. A third of them are Europeans.

Word first got out when expatriates found that the Emirates were worth visiting in themselves, rather than simply for the career prospects they offered. Friends and families took up invitations to visit, enjoyed themselves, and others followed. Some come to look at rare birds, others at coral reefs; the ambition of others is limited to the beach, the disco and the shopping. Together, they make up a thriving new industry.

High summer, between July and September, is ferociously humid and hot – the mercury can reach 50 degrees Centigrade – and all the air conditioners in Arabia should not tempt the timid to come then. Through winter and spring, the skies are clear under a steady and amicable sun, and the seas are warm. Classic racehorses enjoy their winter training here; what tones up a Derby winner is surely good for the punter. The beaches stretch unbroken along hundreds of miles of coastline, desert and mountains are at hand, and the hotels have long won plaudits from travel-weary, seen-it-all oilmen.

What a visitor does is a matter for him or her – a cruise in a dhow, a

The United Arab Emirates has become an idyllic haven for holidaymakers

slalom down a sand dune, a day out at the camel races – but the essentials are all there and in order. Daily flights from Europe connect with services from North America. A new service connects Dubai with Melbourne, and there are flights three times a week direct to Houston and New York. The airports are modern, and the duty free shops at Abu Dhabi and Dubai have a well-earned and global reputation for keen prices and a huge range of merchandise. The roads are excellent and distances manageable, though those who do not wish to invest a couple of hours driving between Abu Dhabi and Dubai can take a loftier trip on a seaplane.

The country is well-hotelled. In caravanserais range from five-star and deluxe big names – Inter-Continental, Sheraton, Hilton, Forte Grand – through four-star to modest and comfortable rest houses. Many are on the beaches with watersports a lift ride from the rooms, and more are coming on stream. The Chicago Beach resort, being built partly on a man-made island with a bridge to the mainland, will include tennis courts, a miniature golf course, and a large conference centre as well as a private helipad for the well-heeled guest.

Telephone services are excellent. Multiple satellite TV channels cater for those who suffer from news-addiction. Overnight desert safaris, sand-skiing on the high dunes of Liwa and sorties by dhow are easily arranged. Four wheel drive vehicles with experienced guides can be hired to explore the remote desert and mountains. Every cuisine on earth seems to be on offer – New York steaks, Mexican tacos, sushi, Arabian lamb, Lebanese starters, bangers and mash in Irish pubs – though locally-caught fish and lobster can undo it all.

Working off a good meal is no problem. The water-minded can stroll the old port at Ras al Khaimah, or sail, waterski and scuba dive. Further offshore, sailfish and marlin provide excellent game fishing. The gentler art of bird-watching thrives; so does the round of golf, and the spectator sport of watching its stars in tournament play. There are few better places for those who like to shop until they drop. The souqs are stacked with gold and silver jewellery, silks, Iranian carpets, cameras, carved wood and brass and scented with aromatic spices.

Two coasts are on offer and they are distinctive. The Gulf shores slope gently; in Fujairah, the mountains fall steeply into the Indian Ocean. The emirate plans to install cable-cars so that the waterfall country of the rugged Al-Warrayah region can be seen. Umm al-Qaiwain has plans for a huge aqua park, and the first phase of the Dreamland project is under construction. It is, indeed, so brand spankingly new, that the visitor may ignore the fort-museums where the past is stored, the falconry, the wind towers of ancient houses and their studded doors, and the desert itself. The sun may be constant elsewhere, the sea as warm, but the sands are special. This is Arabia.



A dhow, which will take many tourists on cruises, is under careful construction at an Abu Dhabi shipyard

National passion for all types of sport

The winning ways of Emirates-trained and owned bloodstock are well known to the world's racegoers. More arcane, perhaps, but equal evidence of the national passion for sport are world-championship winning powerboat crews, and ten pin bowling and junior chess champions – and a programme that has produced the world's first racing camel to be born to a surrogate mother.

In football, it is no coincidence that Abu Dhabi includes an investment in Manchester United among its overseas holdings. The Asian soccer championship kicks off on Wednesday in the 65,000 capacity stadium in Abu Dhabi's Zayed Sports City. The UAE will play South Korea in the first game. The national side was good enough to reach the final stages of the World Cup in Italy. Cricket has yet to reach such heights, but the national XI was the first side from the region to play in a World Cup.

The top levels are reached at sea and in horse racing. The country has won the world offshore powerboat championships two years running. In another reminder of old sea-going skills, the arts of dhow-sailing are kept in racing trim at regattas.

Dubai's winter sunshine has proved such a pick-me-up for bloodstock used to grey Newmarket days that Emirates-trained horses have won the Derby, Oaks, Irish Derby and the Prix de l'Arc de Triomphe.

The Emirates' Nad al-Sheba track staged the World Cup last March. A global television audience of a billion watched the great American horse Cigar winning \$4 million in the racing world's richest race.

Sports facilities are superb; the coliseum-like Sports City is designed to pass muster as a full-fledged Olympic Village. The handicapped are particularly encouraged to use them to discover their maximum potential. The initiative is paying off: the UAE team clocked up 26 medals at the Special World Olympics held in Atlanta over the summer.

Million dollar purses are on offer in golf and tennis tournaments, attracting top players so that spectators – from home and abroad – can see excellence in action. A \$1 million tournament held at a new tennis centre in Dubai is an annual fixture for ATP players.

There was never a shortage of material for bunkers on golf courses, but water has turned greens that were once oiled sand into the right colour, and has added a new fairway hazard – trees. Prize money for the Dubai Desert Classic has been raised to \$1 million, enough to pull in ten of the 12 Ryder Cup players from Europe and the US earlier this year, as well as some of Asia's best golfers.

Camels, first domesticated in the region, might look on a golf cart as unfair competition in the people-moving business, but their welfare is looked after in style. Falconry and winter camel-racing, the traditional sports of a desert people, are in fine fettle. 25 strong fields are normal on the camel tracks, with groups classified by age.

The same intensity that Sheikh Mohammed, Crown Prince of Dubai and federal defence minister, devotes to his classic-winning horses is brought to bear on camel breeding. A camel calves only every two years, after a 13 month gestation period, although producing up to 30 embryos at a time.

The Embryo Transfer Research Centre for Racing Camels was established at Al Ain, under the patronage of Sheikh Khalifa, the Crown Prince of Abu Dhabi, to develop techniques for the transfer of embryos from top racers to other camels. The first embryo-transfer calves were born six years ago. One female, Misikin, conceived 12 offspring in a season by this method, a feat that would normally have taken a quarter of a century.

The first frozen embryo-transfer calf was born last year, in a technical breakthrough in which it was stored at -196 degrees centigrade before completing its gestation in its new mother. A beast of burden no more, a fine racing camel can command a price tag of \$1 million.

Policies are environmentally sound

The emphasis in the United Arab Emirates is on economic progress without pollution

In the skies, the flight of the boubara bustard on its 1,600 mile journeys from its wintering grounds in the Emirates to the borders of Kazakhstan is tracked by tiny transmitters. On land, men of the Abu Dhabi Desert Rangers patrol the territories of rare gazelle, wolf and caracal lynx. On the offshore islands, naturalists check the nesting habitats of the red-billed tropicbird and the crab plover.

Left to its own devices, progress is a predator. The Gulf has some of the heaviest shipping traffic in the world; ashore, construction is a multi-billion dollar industry. Sludge and tanker waste foul beaches and marine life. Man brings roads, buildings, vehicles and – if allowed – weapons to the desert.

Animals that cope with extreme summer heat and unforgiving terrain can be savaged by human prosperity. Early decisions were made to protect them.

As a young man, Sheikh Zayed was hunting gazelle with a rifle when he saw that this was no more than "an outright attack on animals" that would lead swiftly to their extinction. "I changed my mind," he said, "and decided to restrict myself to falconry only." Emirate-wide protection of wildlife followed, with an outright ban on shooting birds, for example, enforced by the Desert Rangers and backed by legislation from the Federal Environment Agency.

Sheikh Zayed practices what he preaches. He has planted more than a million trees on the island of Sir Bani Yas, which once supported a community of Nestorian monks and later became an occasional resting place for fishermen and pearl divers.

From the mainland, he brought breeding herds of Arabian oryx, sand gazelle and mountain gazelle, the dhabi for which Abu Dhabi is named. They share the sanctuary with endangered species from other and habitats, scimitar-horned oryx, bharal sheep, addax.

The forest of green on the island – not seen since the region turned dry in a climatic change five thousand years ago and crocodile and hippopotamus disappeared – tempts



Bird of prey: Falconry remains one of the most popular traditional skills in the United Arab Emirates

migrating birds to make lengthy stays. Black-necked swans have been introduced to drift elegantly on freshwater ponds.

Fall use is made of technology. The 34-gramme transponders attached to the cat family, leopard, caracal lynx, Gordon's wild cat, is carried out by the Arabian Leopard Trust. This was set up two years ago by Sheik Sultan, the ruler of Sharjah – the environmental effort is country-wide.

Plans are in hand to create a captive breeding reserve in the Hajar mountains.

The specialist Desert and Marine Environment Research Centre works in cooperation with the university at Al Ain, whose zoo is the largest in the Middle East. The encouragement this gives children to develop interest and curiosity in their heritage is echoed by a national museum of natural history in Sharjah.

The desert is not a monotone ocean of sand; their forebears navigated by the changes in its undulations, the colours of its gravels and dunes, its ferns and bushes. Training helps

the subtle eye needed to catch such tell-tales to be passed on.

At sea, bottle-nosed and humpback dolphin, a third of the world's species of whales, fighting fish and the tingleinly and heart-nugging dugong, the sea cow, inhabit waters through which 30,000 ships pass each year with a quarter of the world's oil exports in their tanks.

It is illegal to shoot birds, and to collect their eggs – but the traditional skills of falconry still survives. It is part of a policy that underpins the natural link between man and the wild.

Protected by the ruler of Fujairah, who pioneered the first offshore marine reserve.

Protection across the country is coordinated by the Federal Environment Agency. The impact of development projects on the environment is studied and changes are made at the planning stage if warranted.

It is illegal to shoot birds, and to collect their eggs – but the traditional skills of falconry still survives. It is part of a policy that underpins the natural link between man and the wild.

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The election's not over, but try telling the parties

An election sooner than May? What a relief that would be to all concerned. The cross-dressing games played by politicians in the run-up to the national vote are becoming ever more baffling.

We have become so used to the Conservatives behaving like an opposition and Labour behaving like a government that we are in danger of being seduced by their borrowed identities. In fact we should be demanding that the Labour Party behave a bit more like Her Majesty's Opposition in the next few months, for that is what the nation needs. And at the same time, we should be scrutinising the Conservatives as the party of government – because that is what they are now, and could well continue to be after the election, whenever it is held.

Clearly the Government has little scope for governing right now. Governments pursue peace in Northern Ireland. The Conservatives can't do any such thing while their majority dwindles and disappears, and they depend on the support of the Ulster Unionists. Instead, they are engaged in a holding game of empty speeches and rhetoric, waiting for an election to deliver them the power to act – just like a party of opposition.

Governments set budgets and live with the consequences. They weigh up their tax receipts and spending needs, and distribute the resources accordingly. Not so the Conservatives. Much of the revenue

to be reeled in through this year's Budget won't appear until after the election, if it appears at all. Instead ministers are engaged in Budget charades, where the real consequences aren't confronted until after the election – just like a party of opposition.

The Conservatives are concentrating their energy on making life difficult for their opponents. Backbenchers never let up their attacking refrain, from benches actively debate and criticise their opponents' policies, and their campaigning is hard-headed and ruthless. Attacks on Labour's tax-and-spend image and on Tony Blair himself may not be as effective as the 1992 tax bombshell and the campaign against Neil Kinnock. But the strategy is hitting home. The fact is that the Conservatives are extremely good at opposition games, and they are hungry to win the election.

Labour's performance is tame and sedate in comparison. In fact Labour are behaving irritatingly like a party of government: constantly trying to reassure voters, to be dignified, sensible and responsible. Even when the Government does something appalling – like calling for more mandatory sentences to stiff prison to bursting and remove the discretion of judges – Labour exhibits no passion or outrage. All we hear instead are a few measured, respectable words. After years out of power, the party is trying to create an appearance of experience and respectability, while winning

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voters' trust. Hence the fiscal rectitude and prudence galore. Labour's poll lead contributes too; the media discuss its post-election plans as if Labour were already the party of government.

Of course it would be silly to whinge too much about the borrowed identities. Both sides are following a very rational course, given their circumstances and the voters' preconceptions. But it would be equally foolish to swallow the role-playing too, and to let the parties get away with wearing each other's clothes in the next few months.

For a start, we need an opposition that genuinely acts like an opposition in the

new year. If the Government do indeed lose their majority after the Wirral South by-election, John Major's Government will depend on the support he can garner from other parties – not least the Ulster Unionists. The country needs an opposition in Parliament to hold the Government fiercely to account under such circumstances, and to prevent politicians getting away with sordid deals in smoke-filled rooms which keep the Government alive but jeopardise Northern Ireland peace.

Moreover it is in Labour's own interest to behave a bit more like an opposition. Harry here, worrying there, the

Parliamentary Labour Party has the chance to go for the kill and bring the Government down. Should a squeamish Labour leadership fail to use the kinds of guerrilla tactics adopted by the Conservatives during the last Callaghan government, voters might well conclude that the party is still not determined enough, or hard-headed enough, for government.

Failing to exhibit the same direction and ferocity in their campaigning across the country – laudable as it may appear to those weary of negative politics – could still deny Labour the prize as well. "Enough is enough" sounds mildly indignant as a campaign slogan. It is hardly the hallmark of a party scenting blood and taking its final aim at its prey.

Meanwhile the Conservatives should still be viewed as a party of government – not just for their record, but for what they plan to do in future should they be re-elected. As yet we still have very little inkling of the content of a 1997 Conservative manifesto. Labour's plans may have gaps, but they do have several pledges they keep shouting about. We can only speculate about what a fifth Conservative government might do.

Ministers should be hauled up to account for the discrepancies and confusion in last week's Budget plans. For example, would a future Conservative government increase real funding for the health service every year as the Prime Minister has promised? Or will it cut

NHS spending in real terms in 1998, as the Treasury's Red Book sets out? The electorate deserves to know what the Tories' plans are just as much as it deserves to hear Labour's proposals.

Government and opposition will continue to dance around each other for the next few months, swapping roles as they swap insults and soundbites, too. As long as politicians are both election strategists and players in a parliamentary system, we should expect nothing less. But we should remember not to be hoodwinked by either.

Sport's fat cats: a male preserve

These are the kinds of fat cats we are not supposed to begrudge. Our richest sports stars – Nick Faldo, Damon Hill, Frank Bruno – become so because the public want to pay to watch their brilliance or to buy the products they endorse. It all sounds a perfectly fair way to choose our national millionaires. But there's a catch. The top 10 richest sports stars in Britain are all men. And guess why. Because the members of the public who have the leisure time and the money to spend watching sport or buying sponsored merchandise are all men. More leisure for women might make more women rich, too.

LETTERS TO THE EDITOR

Shortsighted neglect of UK shipping

Sir: The lorry drivers' dispute in France and the Channel Tunnel fire once again highlight the vulnerability of this country's transport and supply system to events outside our control. It was therefore with frustration and anger we learned that yet again the Government had produced a Budget which offered not a shred of hope or assistance to its shipping industry.

The spiral of decline in our merchant fleet and its seafarers over the last two decades is a national disaster. Our fleet of UK-owned vessels has sunk from 1,614 to less than 240; more than 60,000 seafarers have lost their jobs; recruitment of cadets is now at one third the level required to maintain the status quo, and we are fighting for a fair share of a world market with ageing ships, ageing officers and crews, and growing despair.

Yet we are living in a world where seaborne trade is growing at record rates and is reliably predicted to rise by a further 70 per cent over the next decade.

Enlightened governments are seizing the opportunity to expand trade, employment and skills through investment in their ships and shipping industries. Our ministers state that they are not prepared to enter a "spiral of support" for the industry.

My union, supported by the Chamber of Shipping and the ratings union, RMT, has responded to every government request to justify investment in the industry. The measures that we propose are financially modest, but essential to developing the competitive edge we need and to safeguard our fleet and vital maritime jobs. They would cost an estimated £35m – securing just 1 extra per cent of world seaborne trade would yield £1bn for the country's balance of payments.

The next government – whoever it may be – will be writing the obituary for the British merchant fleet and burying 300 years of maritime heritage unless urgent action is taken soon. In effect, this will achieve what two world wars couldn't: put this country's survival in the hands of other interests.

BRIAN ORRELL
General Secretary, Numas
London E11

Sir: Two years after the Channel Tunnel opened, there are more sailings by more operators across the Straits of Dover than at any time in history.

While some consolidation is inevitable, the claim by John Adams (letter, 29 November) that the tunnel will "wipe out most of the competition from the ferries" without government subsidy flies in the face of all competent forecasting and the current view of ferry operators.

For Dr Adams to argue that the high-speed rail link to St Pancras should be stopped because the tunnel is vulnerable to terrorist attack, and therefore unpredictable, is absurd. St Pancras will compete primarily with Heathrow and Gatwick, not Dover. The idea that London might be cut off from Paris for months because airlines could not switch planes to boost capacity is laughable.

High speed trains on new lines – including numerous long tunnels – have carried 5 billion passengers in the last 30 years. Not a single one has been killed, either by accident



or evil intent. Can the airlines and ferries say the same?

RICHARD HOPE
Consultant Editor
Railway Gazette
Sutton, Surrey

Sir: French lorry drivers used to sport a sticker designed to improve their public image with the words *je roule pour vous* (I am driving for you). Once, however, I was stuck behind a lorry whose driver had rearranged the words to read *je vous roule* (I swindle you). At the time I thought it was just a joke.

ORMOND UREN
London NW3

Church dioceses stay independent

Sir: Your report "General Synod grapples with new reforms" (29 November) suggests that the Church of England is to become "an organisation run by one central committee".

While the changes under consideration are designed to replace present fragmentation amongst the national church bodies with coherence, the virtual independence of dioceses and parishes will not be threatened.

You report that Sir Patrick Cormack believes that Parliament will be marginalised under the proposals. Again, not so.

Parliament's significant role in the life of the Church of England will continue. The Church legislative proposals will continue to be considered by Parliament and the Second Commissioner will answer questions in Parliament on the Second Commissioner's behalf.

Canon John Stanley is quoted as saying that the reforms entail "a very big transfer of power and authority away from the Synod".

However, the Synod's functions (including its power to initiate legislation) will remain, and the management of its business will be in the hands of a Business Committee of its members. At least half of the Archbishops' Council, which will assume the present Standing Committee's role in co-ordinating other aspects of the Church's national work, will be elected by the General Synod, and the Council will be accountable to the Synod in a number of other ways.

The Council will only be able to operate if it works closely with, and is supported by, the Synod and the dioceses.

The proposals for reforming the Church's national institutions are ultimately about equipping the Church to respond more coherently to the challenges that face it.

No one is seeking to increase the role of the centre and there will no doubt be scope for further functions to be devolved in dioceses.

What the proposals do seek to do is to ensure that where an issue needs to be considered nationally we can address it more coherently and more quickly, and thus be more effective in the Church's mission and service to God and the nation.

MICHAEL DUNELM
The Right Rev Michael Turnbull
Bishop of Durham

Early evidence for the kilt

Sir: Your correspondent, James Fraser Wild (letter, 28 November), asserts that "an English Quaker, Thomas Rawlinson, invented the so-called Scottish national dress, the kilt". I would refer him to *Letters from a Gentleman in the North of Scotland* by Captain Edward Burt where he would read:

"The common habit of the ordinary Highlanders is... set in folds and girt round the waist to make of it a short petticoat that reaches half way down the thigh and the rest is brought over the shoulders and then fastened before below the neck..."

"The stocking rises no higher than the thick of the calf, and from the middle of the thigh to the middle of the leg is a naked space, which, being exposed to all weathers, becomes tanned and freckled, and the joint being mostly infected with the country distemper, the whole is very disagreeable to the eye. This dress is called the 'quilt' and... so very short that in a windy day, going up a hill or stooping, the indecency of it is plainly discovered."

In the same letter Burt recounts the unsettling experience of a lady of noble family being led over a steep precipice by a gillie. Averting her eyes from the terrors of the abyss, she was "forced to look up towards the bare Highlander all the way along". This letter was written in 1724 and the unfortunate lady's experience was some time before

that, therefore the short kilt predates the arrival of Rawlinson in Bonawe in 1727. He could not have been the inventor.

FULTON GILLESPIE
Burwell, Cambridgeshire

Chance to cut conservation tax

Sir: Tomorrow the House of Commons will have a second chance to remove an anomaly which, in the words of Norman Lamont in his 1993 Budget statement, "makes a nonsense of any attempt to use the tax system to help the environment".

On 27 March, MPs rejected by just one vote an amendment to the Finance Bill, intended to reduce the rate of VAT levied on energy conservation materials to 8 per cent – the same rate as currently levied on energy consumption. This happened only after extravagant promises were made by the Treasury during the debate, both regarding increased future funding for energy conservation and addressing the issue in the next Budget.

Neither undertaking was met last week. Let us hope that at least two of those Conservative MPs who took the Treasury's word on trust will be prepared not to allow this absurd trade distortion to continue, and will join their nine colleagues who abstained last time.

ANDREW WARREN
Director, Association of Energy
Conservation Ltd, London N1

Study needed on household size

Sir: Hamish McRae (29 November) is right to raise the issue that current trends towards smaller households may not necessarily continue.

As he says, trends in marriage might change. An increase in the birth rate, currently below replacement levels in nearly every European country, could be regarded as desirable to counter the ageing population.

Another crucial issue is the assumption that the number of households will increase by 4.4m by 2010. The latest population projection shows a population increase of only 2.1m over the next 20 years, equivalent to about 1 million households. So most of the assumed increase in households is due to smaller household size, an assumption that I feel warrants further research.

Perhaps planning has to be based more on immediate requirements.

D.R. SMITH
Central Policy Unit
Sheffield City Council

Hot tip

Sir: I thought I knew how to take a black person's temperature ("Diane Abbott is sorry", 29 November) until I read Bernie Grant's criticism of Finnish nurses and their suitability to tender to the needs of black patients. Is the use of standard thermometers ineffective due to some difference in physiology? I would welcome some advice from Mr Grant.

MARTIN PRITCHETT
Ward 10, Birkbeck Hospital, London NW1

The media left Murdoch too late

Sir: The BBC, ITC, Polly Tynan and an array of the good and great continue to bewail the capture of the digital citadel by Rupert Murdoch ("TV meets the law of the jungle", 28 November). Where were they when something could have been done about it?

Eighteen months ago, Andrew Neil, Gus Fischer (former chief executive of News International) and I met the head of every major ITV company, the BBC, a number of cable companies and newspaper publishers.

We did not say Rupert Murdoch should be "stopped". We believe that the entrepreneurial spirit is something that should be valued. What we did say was that they should compete with him – and that they were in a very strong position to do so.

We presented to them a strategy and business plan which proposed that they form a single, co-operative entity to create British television's own policy on conditional access – the gateway to the digital service.

We suggested they create their own customer service operation, tailor-made for their own requirements; they drive the creation of a combined satellite and terrestrial decoder, because they would inevitably be second to market with fewer channels than satellite; and they formulate a united buying strategy with which to approach Hollywood, the sports organisations and programme producers.

We spent six months lobbying the television industry and government – entirely at our own expense. The result? The BBC told us it expected the commercial sector to take up the cudgels. The commercial sector, while privately worrying about "what Rupert Murdoch would say", finally did not concentrate on being content providers. Granada joined the satellite camp with BSkyB. The Government raised no objection when News Corp bought Britain's leading (and I think, at that stage, only) developer of digital terrestrial television.

To top it all, someone leaked a copy of the plan to Rupert Murdoch, who became fairly unhappy that three of his former executives were stirring up the opposition. So where were the Christopher Blaids, the ITCs, the politicians and the press when there was a chance of success? Did they not understand what was going on? Or, worse still, did they not believe sufficiently in themselves to do something about it until it was too late?

Are they poised to make the same mistakes again? The future of digital television does not lie in one-way broadcasting but in a system that enables the viewer to control what he wants to see, when he wants to see it – and how he wants to see it.

BSkyB cannot solve that problem – satellite technology does not have the bandwidth. The established media companies have, once again, the opportunity to take the lead. Will they do something about it?

STEPHEN BARDET
Chief Executive, World Pipe Limited
Kingston upon Thames, Surrey
(The author was general manager at BSkyB in 1992)

Sir: Have the Tory Euro-sceptics nothing to say about battering sovereignty (or the modern democratic equivalent) with Mr Murdoch?

ION GRAY
Marksbury, Avon

essay

Many anti-EU journalists are xenophobic, paranoid and shameless manipulators of the truth. Adam Fergusson points the finger at Christopher Booker (far right), a leading exponent of the art



CHRISTOPHER BOOKER AND RICHARD NORTH

THE CASTLE OF LIES
WHY BRITAIN MUST GET OUT OF EUROPE

The shredded mind of the Europath

That the question, "Europe in or Out?" still troubles Britain like a grumbling appendix, weakening our ability to make vital and immediate choices on our future in Europe, is a measure of the effectiveness of Euroscepticism. By that I mean the full and successful portrayal of Brussels as a combination of Babylon and Carthage, of the Commission as the Beast and the Prince of Darkness rolled into one, and of the whole institution as a Gothic Horror where nothing is what it seems, in which things move that should not move. Demonised, dehumanised, the Commission is the last enemy, the ultimate threat to nationhood – and all the governments and chancelleries of Europe are in its thrall. This campaign, with powerful support from certain newspapers, is fuelled by the driven, almost tunnel-visioned exertions of a small coterie of writers and orators. For these guardians of our honour, the agents of Brussels are at work everywhere, like Gremlins, corrupting Europe's bureaucracies, emasculating her politicians, infecting sapping, destroying, leaching, bleaching.

(One could go on like this for a long time; and they do, actually).

Ordinary people would normally give wall space to the silly effusions of a Bill Cash or a Teresa Gorman; nor the time of day to the mawkish tosh that Christopher Booker writes in *The Sunday Telegraph* about "the true Europe we all love" (he means France's restaurants, mainly). Of course, there are the thinking man's Eurosceptics too, whose direct audience is more limited. But the outpourings of the rest have got through to the popular mind. Why has the counter-attack been so ineffective in swaying public opinion the other way? In Westminster, the Positive Europeans behave themselves on the back benches, and Conservatives and Labour are paralysed – by the parliamentary arithmetic, by the overriding need to keep parties together as an election nears. Serious newspapers have been quietly weighing the advantages and dangers of EMU and how best it can be achieved, considering whether Britain can afford to be left out – but, having balanced judgement, none stridently screams for integration. As for monetar-

union, no voice is heard expounding the importance, even the adventure, of running what will be the biggest, safest reserve currency in the world. In truth, very few of the Euro-friendly merit the "fanatically pro-European" label the Eurosceptics give them: the excitability, the exaggeration and the distortion is all on the outside. Independent figures – last week Nico Henderson in *The Economist*, and Roy Denman in *The Times* – compellingly warn of the dangers of voluntary exclusion from a domestic market which absorbs three-fifths of our products, a weighty but negative argument. In industry, in the City, the practical need to be at the centre of whatever Europe is going to overshadow, for most, any emotional views of what its nature should be. So the banner of unequivocal European integration is borne ineffectually by the Liberal Party, to whom it seems to do little harm – while the loud trumpet of divorce is blown by single-issue movements of the Right, towards which for their own reasons lone-wolf politicians and Ministers are drawn.

Thus the Eurosceptics – "Europaths" would better express their state of mind: Nico Henderson talks of Euroscepticisma; have made the running. The Eurosceptics have understood, by calculation or otherwise, the first principle of propaganda, that the mass of people conform to whatever opinion seems to be the norm. If the propagandists' enemy is internationalism – the ideal on which the European Union rests – it can best be fought with nationalism. Whereas that larger view of mankind emphasises its common humanity, the merits of reconciliation and the advantages of co-operation, the narrower one builds on fear of the unknown, conjures enemies where there are none, stresses differences, and blames the alien, inside-and-out – in other words, inspires in the public mind an obsessive suspicion of foreigners and an excessive fear of persecution. That is how it has been done, down the ages. But any politician, by speech or pen, who kindles hatred by playing on mankind's latent nationalism – presenting it as patriotism – plays with fire. One who does it knowingly in the context of late 20th-century Europe, struggling at last out of a thousand-year time-warp of political confrontation and bloody war, is worse than irresponsible.

The Eurosceptic message is a nationalist one, exploiting public fear and ignorance of what Europe is about. Thus it must be picked over and demolished detail by detail, because otherwise the Big Lie, constantly repeated, becomes the Received Truth. My recent pamphlet *Fiction Prize* for

Booker (published two weeks ago by ACE, the independent European study group) deliberately dissected the past year's writings, mainly in *The Sunday Telegraph*, of Christopher Booker. It is he who weekly prints, circulates and re-circulates the tales which feed suspicion of Brussels' intentions. He is the principal journalistic mouthpiece – unelected, of course – for all Eurosceptics. The blurb of his new book, the aptly-named *Castle of Lies*, describes him as "the scourge of overmighty bureaucrats and puppet politicians". A columnist last Thursday put it better – "the top straight banana on the doomed double-decker bus". The point is that, through misinformation and misconstruction, Booker has (I believe) done more than most to generate distrust in Britain of the European Union.

Booker's writing therefore represents the whole gamut of Eurosceptic evangelism, although his attention to the psychiatric disorders of his opponents – everyone, everything is "mad" – is probably singular. He tackles the task by the textbook, accusing any who disagree with him of purveying propaganda: a week ago his column said the editor of the *Evening Standard* was "Euro-besotted" and that I was an "amazingly ignorant propagandist" who had been "hired by one of our EU front organisations" to discredit him. He implies that the entire "tireless" readership of the *Telegraph* are on his side, beavering away at a grand conspiracy (but he also describes my malevolent conspirators of Brussels as tireless; and often his correspondents are "weary" – it's all the same to him). Then he sets about

messing minds himself, warning how Europe is plotting against us – as with a still unpublished draft directive "designed to strike a crippling blow at Britain's bus manufacturers by outlawing the double-decker"; or the "hidden agenda ... to drive the British out, to make room for more Spaniards in British waters" (Drake, thou shouldst be living now!). He makes our flesh creep by extrapolating figures, misquoting statistics, manufacturing alarms. Time and again his facts are absurd – the dead mackerel six feet deep in St Michael's Mount Bay; or plain wrong (see below). He deals not so much in half-truths as in half the truth; and because he has not a good word to say about Brussels or any of its works, suppressing the other side of his stories, there is no hope of finding balance in them.

Scanning *The Castle of Lies*, I note repeated among them most of the distorted reports which Booker himself has already admitted to be discredited. Here again are the twisted tales – some mere hearsay – of the notional flock of a single sheep in need of documentation and ear tags; of the greenhouse heater that needed expensive testing for 37 different gases; of the scandalous restraints on retail Yorkshire pudding (this time not about its dimensions but about fabricating and selling it as such in Surrey); of the metrification of the Norfolk Broads; of the travails of the People's Dispensary for Sick Animals (as though they hadn't successfully been relieved long ago); of the demise of the British double-decker (Booker's readers are not told that the open-plat-

formed London Routemaster hasn't been built since 1968, but that might get them thinking). And here are the dead mackerel once more, discarded near St Michael's Mount in the 1970s because of EU quotas which they hadn't even been imposed, not just six feet deep but spread over "thousands of square yards". If everything which one has checked is distorted or inaccurate, how can one assume that anything unchecked is right?

There is a brand-new example to hand of the technique of misquoting figures, dressing up facts and blackening with sarcasm. Intending, one imagines, to gain publicity for his book, Booker had a letter published in *The Daily Telegraph* on 21 November. It ridiculed that newspaper's own Brussels correspondent for not mentioning "the most obvious reason for the EU's popularity in Luxembourg" – the fact that its inhabitants receive the biggest pay-out per head of any member states ... from the Brussels fruit machine". Nemesis struck swiftly. Five days later, he was ordered to send a letter of correction. "It now emerges" he

wrote, "that these figures ... included the huge sums spent on the array of EU institutions in the Grand Duchy". He had found that every Luxembourg household, far from netting £1,318 in 1995, had a net contribution rate among the largest in Europe (£360 in 1995 – a third, again as much as Britain's, although he didn't admit that). Anyone who bothered to ask about the Luxembourg figures knew the reason for them long ago. Indeed, it was in my pamphlet, because he was relaying the same rubbish about Luxembourg last December.

The author has been an MEP and special advisor on European affairs at the Foreign Office.

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My teachers taught me too well...



Miles Kingston

I was startled to hear the news over the weekend that two children, or erstwhile children, are suing the school they attended for not giving them sufficient education, which I presume means not enough GCSE certificates. The reason I was startled is that I am engaged in exactly the same lawsuit with my old school, except that it is in reverse.

I am suing my old school for over-education me.

Yes, my claim is that by giving me too much

information and instruction my old school has tended to make my life a misery. A simple example: my main interest at school was in modern languages. I was especially interested in the origins of words, and was delighted to find when I got to university and started doing medieval French that the evolution of words linked up with my memory of Latin – that is to say, that you could trace a modern French word like "navire" meaning ship, right back to Latin "navem", through all the intervening stages.

"Navem", as I remember led to the medieval word "nef", meaning a ship, but this got shortened and eroded, and was replaced by a longer diminutive of the same word, which gave us "navire". Much the same happened to the Latin word, "apem", meaning a bee, which gave the medieval word "ape". Any word as short as "ape" is doomed to extinction, and it was duly replaced by "abeille" which comes from "apiculum", which is a diminutive of "apem"...

I can remember, too,

learning a short list of words which are the only remnants in modern French of Celtic words which actually predate the Roman invasion, and which have thus survived two thousand years and which were there before the Romans brought Latin in.

One of these was "hige", the name for that ridiculously large sledge in which people use gravity to get from nowhere to nowhere...

If the reader is by now nodding off at this recitation of dusty and probably misremembered philological facts, you can imagine what sort of a conversational bore I have been in my life at dinner parties, book launches and Millennium celebration committee meetings. I only had to bring the subject of word derivations up for any friends to begin to yawn and wives start to speculate about the French word for "decree" etc. "I see that the Norwegians got the gold for the huge again." I would hear someone say, and I would be off before you could stop me.

I blame my education. There were things I was taught that I should never

have been taught, and which have blighted my life. Among the many other subjects which I blame my old school for over-educating me in are ...

I Maths: I was taught the basic rules of chance, and the law of probability. For this reason I am doomed never to have the fun of buying a lottery ticket, as I know the odds are too heavily stacked against me.

2 English: I had the basic meanings of words like "refute" and "infer" and "disinterested" drummed into me, and now I cannot hear them misused without either having dispensary or feeling the urge to correct the misuser, which often leads to a biff on the nose.

3 English Literature: I was introduced to Jane Austen by an over-enthusiastic teacher when I was 12, which was far too young for me to appreciate her, and I have never been able to face her since, as my favourite author in those days was Conan Doyle, whom, indeed, I still prefer. As a result I cannot watch costume drama on TV these days, as we are fed a non-stop diet of Emma this

and Elizabeth that when I would much prefer Brigadier Gerard or Rodney Stone. 4 Games: I was taught at school that rugby was a fast, flowing, skilful and exciting game, or at least that that was the way to play it, and am thus unable to watch what passes for the game today with any pleasure at all.

5 Logic: I was taught the basic rules of logic, and thus cannot listen without nausea to *Any Questions*, the *Today* programme etc, as on those programmes they conduct what passes for conversation without any question ever matching any answer.

6 French: I ended up speaking passably good French, which means that the average Frenchman has more fun pretending he cannot understand me than he would with someone he really cannot understand.

I blame my over-education for many other things (for instance, I blame many years of forcible chapel-going for the fact that I am now a devout agnostic) but that will give you an idea of how my law suit will be argued. I will let you know how I get on.

A Government policy stolen from King Canute



Andreas Whittam Smith

Trying to prevent lone-parent families rather than help them is both futile and hurtful

The emotion which informs Government policy towards single-parent families is fear rather than compassion. To help lone parents, ministers seem to believe, is mistakenly to give respectability to the very notion of single-parent households and to contribute towards the break-up of families. In his Budget, Kenneth Clarke announced the ending of both the £6.30 per week One Parent Benefit (which goes to working lone parents) and the £5.20 per week Lone Parent Premium for those on Income Support.

Family structures have been through so many changes in their long history that we should not be surprised to find ourselves living through another upheaval. The early Church viewed love as a subversive and destructive passion. Later in the medieval period, children were seen as future earners and procreation became an obsession. Then in the middle of the 19th century, after a long period of stability, fertility rates began to fall. The size of the average British family in 1995 was 2.4 people, the lowest level ever recorded in this country.

To this trend we can add three recent changes. Cohabitation is partly replacing marriage. In 1995 a third of women in the 25- to 29-year-old bracket were cohabiting, compared with 11 per cent in 1979. Working mothers have become the norm; in the past decade their number has trebled. More and more children are brought up in single-parent families. Nearly a quarter of all families with dependent children are headed by a lone parent, 90 per cent of whom are women.

The Government cannot influence these deep and powerful currents. There should be a statue of King Canute in Whitehall to remind politicians and their advisors of the limits of their powers. If policy makers were to work with the tide, they would take as their starting point the fact that 2.3 million children are being brought up by lone parents. This is a fifth of all our children. So the question should be "how can we help the many children with only one parent in their household?" rather than "how can we have fewer single-parent households?"

These children have been twice hurt. They accept their status but they do not rid themselves of the absent parent. Dr Sebastian Kraemer, a consultant child and family psychiatrist in London, spoke very eloquently about this recently.

He said that there was always a space in a child's mind for both parents. Children know that the missing father exists and they have to work out for themselves why he didn't stay to look after them. They often think that it is in some way their own fault; that he left because of them.

Children are also hurt because of the sheer stress which is likely to arise from the poverty and the overwork of their single parent. A

decline in living standards is an inescapable concomitant of family breakdown and managing is more difficult without a partner. As a result, the average outcomes for groups of children whose parents split up are less good than those for children whose parents stay together.

Judging Government policy in this context, it is straight away obvious that Government rhetoric is harmful. Preaching the undoubted virtues of the traditional family unit is neither reassuring nor comforting if you don't happen to live in one.

For 1.5 million lone parents and their 2.3 million children it is an excluding sentiment. It marginalises them. It tells them that they are the unfortunate who have fallen short of the ideal, with the implication that their sorry state is the result of their own fecklessness. In this way the hurt which parent as well as child have suffered is made worse.

Furthermore, the Government believes the answer to lone parents' economic problems is paid work. To make it easier for mothers to take jobs, the Government introduced a childcare allowance for all families in 1994 to help pay for

child-minders and nurseries until children have reached 11 years. Having done that, the Government feels safe in withdrawing top-up benefits available to lone parents.

But what is the Government saying here? It is this: lone parent families have no special financial difficulties as compared with two-parent households.

Common sense tells us that this is plain wrong. Lone-parent families have higher costs per child. This is largely the result of time pressures on lone parents. They are, for instance, more apt to buy convenience foods and use taxis for shopping than two-parent families even though there is, by definition, no second wage.

Look at the statistics. Sixty per cent of one-parent families have an income of less than £150 a week compared with 11 per cent of two-parent families.

I would like to hear Kenneth Clarke explain his Budget measures to the children of lone-parent families. What would he say? It would have to go something like this: "Although your mother is bringing you up on her own, we think your financial situation is no different from families where the mum and dad are together. You will be fine if your mum gets full-time work. If her salary is low, we will give her some help with paying child-minders until you are 11, and after that... well, you will just have to manage as best you can during the school holidays."

This simply isn't convincing. Indeed I even wonder whether the Chancellor of the Exchequer really believes in his measures, because he has postponed their application until 1998. It is almost as if he is leaving the way open for their reversal in next year's Budget - whoever may be delivering it.

Children are also hurt because of the sheer stress which is likely to arise from the poverty and the overwork of their single parent. A

They've learned to live with cannibals

by Polly Toynbee



The Conservatives are incomprehensible to the long-suffering residents of Barnsley. No wonder they're feeling brassed off

plodded through The Five Pledges, but came unstuck after four, though later it came rushing back to him. He talked One Nation, and Blair's education, education, education but no spending pledges, absolutely none, except the ones he had learned by heart.

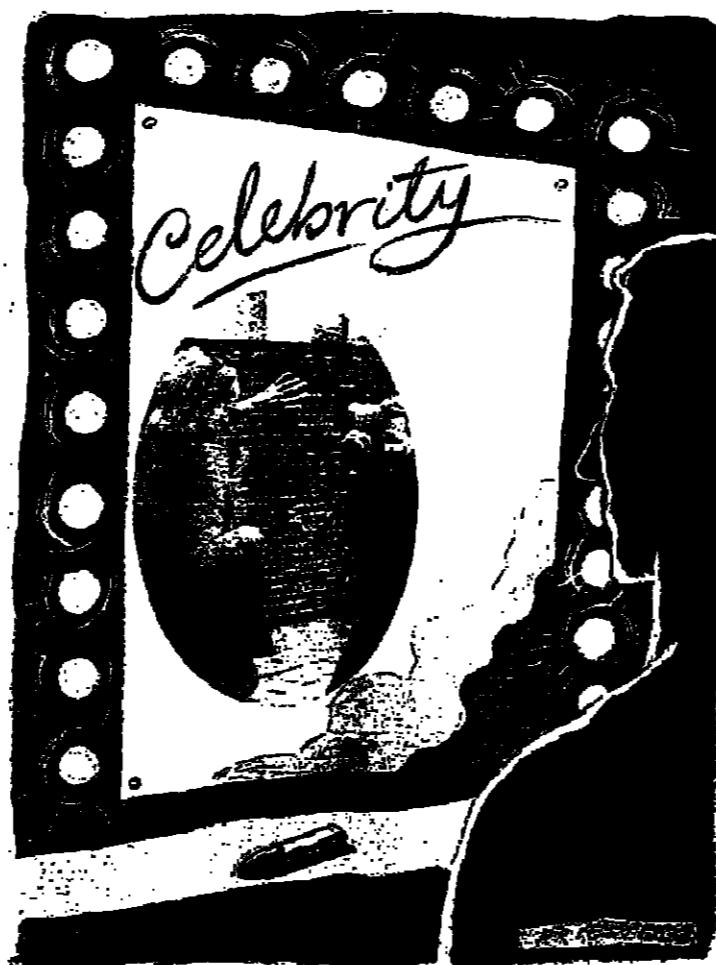
The real Jeff Ennis springs to life when he talks about Barnsley. Born and bred in Grimethorpe of a mining family, king of his patch, he knows every cracked paving stone on every estate. Boisterous, benign, straightforward - everyone knows him. Not trapped in the past, his eyes light up when he boasts of how Barnsley is the only town to win two City Challenges as well as other regeneration money. Three Korean factories have been enticed in and he'll do anything he can with public/private partnerships to bring jobs: 4,000 of these have been created so far. "Sounds good? Well, not so good when you know we need another 19,000". So why on earth does he want to give all this up and go to parliament? What is it for him? Why abandon all this useful committed endeavour for life as a back-bench nobody, alone in an alien place where no one listens to you and you influence nothing? A newcomer is lucky to get a desk. No one will want anything from him but silent, mindless obedience.

What does he want to achieve there? "I want to be a good delegate. Barnsley people are the salt of the earth and they deserve the best. They have been alienated, excluded, abandoned. We've contributed to the national wealth all these years, paid for it with mining disasters and diseases. I want these people rewarded." Well, that will make a nice maiden speech, but what then?

Our corrupted political system eats up the lives of good people like Ennis, wastes their energies, drains blood out of the regions to squander in the servitude of a medieval court, bowing low as humble subjects to the whips and the leader. One ex-councillor and school teacher, a good friend of Ennis's, said "Proportional representation, that's the only hope. Otherwise MPs are nothing. Labour will never win a second term unless they bring PR in, and MPs will never amount to a row of beans without it." I asked Ennis what he thought of PR. Stumped, because he hadn't learned that card, he said he was no expert and left it at that. He has learned the Westminster obedience lesson well.

Hard life of the royal snappers

Diana might get a tough time from the paparazzi. But she holds her own. By Peter Popham



Diana's frequent eruptions at the press led to her rapidly getting a new professional nickname, 'The Loon' - 'to be looned' meant to be confronted in the street by a raging DJ. After enduring in acute embarrassment numerous lectures from her - 'exactly like being told off by the dinner lady in the school playground,' says Mark - 'I don't know, said Mark. There's a lot of demand for pictures at the moment...'

here is the people - decent people, decent values, would-be-hard-working, censorious, community organisers born and bred. Half the population seems to have been a councillor or school governor at some time or another with so many posts to fill in a one-party state. The world outside is a mysterious place to them. Tories are utterly incomprehensible. The likes of Thatcher, Major, Redwood, and Portillo are so alien that Barnsley people feel they have been governed by cannibals for the last 17 years.

You might expect the strike, the closures and the 17 years of cannibalism to have turned them into bitter revolutionaries. But no, they are New Labour to the core, always have been. (Scargill's party is imprudently standing against Labour but his name is cursed in the same

breathe as Thatcher's, an equal betrayer and abuser of the masses.) Mind you, they don't like the word "New". Jeff Ennis says he prefers to call himself "Common sense Labour" - not because he's trying to stake out some slightly more left position, but because nothing "New" trips easily off the Barnsley tongue: old values, old decency, old concern for community.

Jeff Ennis is the leader of Barnsley Council, 44 and a primary school teacher. All candidates had to be grilled by a London panel for New Labour correctness. He has no trouble on that score - practical, pro-Europe, pro-common sense all round. Once selected, he was sent down to London for training and indoctrination. The nervously rote-learned Walworth Road slogans are probably the only thing wrong with him. We

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Leisure interests dominate the latest battle of the beerge

The beerge makes a strong bid to dominate this week's profit proceedings. Scottish & Newcastle and Bass, respectively numbers one and two in the pecking order, and three regional groups are on the reporting schedule; so, for good measure, is former brewer Grand Metropolitan.

The brewing pack has been led by Scottish since the Government controversially approved its takeover of Courage, lifting its market share to more than 30 per cent and dislodging Bass in the process.

Bass is attempting to recapture its lead by buying Carlsberg-Retley, struggling in third place. Scottish and a host of other interested parties are protesting and the bid could face a lengthy Monopolies and Mergers Commission inquiry.

But today Scottish will concentrate on its interim results. With Courage in the barrel for the full six months, as opposed to three months last year, prof-

its should flow and Graeme Eadie and Michelle Proud at NatWest Securities are looking for a 22 per cent gain to £193m and earnings per share 15 per cent higher at 23.0p.

For once, however, leisure rather than beer could create the major interest. The Scottish holiday operations, Center Parcs, with 14 holiday villages, and Pontin's, with 19 sites, are thought to have had a disappointing time, reviving speculation that it could well abandon the chore of catering for holidaymakers.

The group has in the past demonstrated its willingness to indulge in large disposals. It sold its Thistle Hotels chain to the then Mount Charlotte Investments, which recently returned to the stock market as Thistle Hotels.

It was a spectacular, totally surprising deal. Scottish had created Thistle with loving care and had given the impression it would stick with it

through thick and thin. But at the top of the hotel market, before the recession ravaged the industry, it unloaded for a then breathtaking £645m.

So is Center Parcs for the chop? There is a growing belief in the City that Scottish feels leisure camps are not what they were and would welcome a chance to sell. However, if it did sell it is unlikely to repeat its remarkable Thistle success.

The guess is that leisure profits have fallen by a disappointing 9 per cent in the half year. Center Parcs, with most of its outlets on the Continent, is facing fierce competition and appears to be going nowhere. Pontin's has 19 holiday centres and chalet hotels.

Bass, where year's figures of £665m (£599m) are expected on Wednesday, could also face leisure problems. Its bingo halls have been hit by the National Lottery and the Coral bookmaking side must have felt the Frankie Dettori impact.

The Holiday Inn hotels offshoot has had a buoyant time but there are now fears growth will slow down.

Grand Met exchanged its

shares for 100 per cent of

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business & city

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BUSINESS & CITY EDITOR: JEREMY WARNER

Morgan Grenfell to pay out compensation early

Jill Treanor

Banking Correspondent

Morgan Grenfell expects to pay compensation to investors in its three scandal-hit European funds in January, much earlier than the Easter target date initially set by Imro, the investment regulator.

The news will be come as welcome relief to some 90,000 investors who had placed £1.4bn in the once top-performing funds before trading in them

was suspended for three days in early September.

Morgan Grenfell is in negotiations with Imro and Arthur Andersen, the accountancy firm hired by the regulator, to establish the basis of the compensation payments.

Devising the complex formula is set to be completed as soon as Christmas, clearing the way for the payments to investors early in the new year.

A spokesman for Morgan Grenfell said yesterday that it

was too early to say what the total amount of compensation would be.

An Imro spokeswoman said the compensation exercise could not be completed until a formula had been agreed. This was an intricate task because accountants must establish the period of time over which compensation was due and the benchmark against which to measure performance.

Arthur Andersen is in the final stages of resolving issues

such as whether to use the performance record of the best Morgan Grenfell fund, the best performing fund in the European sector overall or an average of the sector.

The three funds – European Growth, European Capital Growth and Europa – were among the top performers in the European sector but are now languishing at the bottom of performance league tables.

In the early days of the scandal, investors withdrew at least

£250m from the funds. That sum was in addition to the £180m cash injection made by Deutsche Bank, the German banking giant that owns Morgan Grenfell, to buy out the highly unusual investments made by Peter Young, the former fund manager.

Mr Young had set up a web of shell companies to buy up large stakes in high technology firms across Europe and America. He is currently under investigation by the Serious Fraud

Office, which is working to establish by whom he benefited personally from the investments.

His assets have been frozen and his passport confiscated but he has not been charged with any offence.

He started managing European Growth and European Capital Growth in 1994. While the funds were only suspended in September, evidence of unusual activity has been established dating back to the summer of 1995.

Evidence such as this will be used to help determine the time frame over which compensation will be due.

Deutsche Bank, which has deep pockets and has pledged to compensate investors, does not yet know the size of the compensation bill, which some reports estimate at £200m.

Penalties are also expected to be levied by Imro. Morgan Grenfell is braced for a fine of at least £1m, Imro's largest ever, early in the new year.



Under investigation: Former fund manager Peter Young

Abbey to start round of home loan rises

Nic Cicuti

Abbey National will today raise the cost of home loans by 0.25 per cent for its 1.6 million borrowers, sparking a generalised increase in mortgage interest rates by UK lenders.

The increase, which will push up the cost of a typical £50,000 mortgage by about £7 a month, is expected to be followed within days by most other lenders, including Halifax and Woolwich.

The Abbey said yesterday its decision was mainly prompted by the need to offer its 1.2 million savers a better deal.

New borrowers will pay the higher rate immediately, while existing ones will see their mortgages rise from 18 December. Rates for savers will rise by an average of 0.25 per cent on 1 January.

Charles Toner, deputy chief executive at Abbey National, said: "We wanted to increase rates, particularly for our savers, who outnumber borrowers by about seven to one and have lived in a low-interest-rate environment for some time."

The company's move seems set to bring to an end a 12-month period in which mort-

gage interest rates reached lows last seen in 1966. Abbey National pointed out that even after the rise, mortgage rates would be at their lowest for 25 years.

It follows attempts by Kenneth Clarke, the Chancellor, to convince the City last week that despite his 1p cut in the basic tax rate, his Budget remained fiscally responsible.

However, some economists believe the latest house price increases are one of several factors likely to help fuel a spending boom, potentially leading to higher inflation.

Halifax is poised to announce today that house prices rose a further 0.5 per cent in November, giving an overall 7.1 per cent rise in the past 12 months.

A separate report by Bob Pannell, chief economist at the Council of Mortgage Lenders, said today that an increase in the number of owner-occupiers moving home, linked to first-time buyers coming on to the market, meant the present recovery was likely to be durable.

Until last week, lenders had said they would wait for the outcome of the regular monthly meeting between Mr Clarke and



Mortgage hitch for house hunters: But even after the next rise, rates will still be at their lowest for 25 years

Eddie George, Governor of the Bank of England, on 10 December, before making a decision on mortgage interest rates.

"One building society executive, who refused to be named, said yesterday: "Some of us felt that, having recently witnessed a rise in base rates to 6 per cent without putting up our variable rates, a increase in mortgage rates was very likely unless Mr Clarke really pulled some strings out of the bag in his Budget speech last week."

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Until last week, lenders had said they would wait for the outcome of the regular monthly meeting between Mr Clarke and

"I'm not sure he really achieved that. Even so, we were planning to go some time after the regular meeting with the Bank of England. This has caught us on the hop and we will probably respond quite quickly."

Pressure on lenders to raise rates has also come from Nationwide, which recently pushed up the cost of home loans to 6.74 per cent for its 1 million borrowers.

The society's move, due to take effect today, still leaves it at least 0.25 per cent cheaper

than its main competitors. But at the same time, Nationwide also announced that it was increasing savings rates by a similar amount, making it vastly more competitive on the investment front.

Halifax has some 2.5 million mortgage accounts, compared with 1.7 million savings accounts. The society's demutualisation, which is set for next summer, could leave it vulnerable to customer-poaching from competitors once its savers receive a free shares

handout and are no longer locked in to their accounts.

David Gilchrist, group secretary at Halifax, said yesterday: "Up to now our position has been that we would wait for the meeting between the Chancellor and the Governor before making a decision. We will now be keeping our rates under active review."

A spokesman for Woolwich Building Society said: "We will have to take what our competitors are doing into account when reaching our decision."

Lloyds bidders set for final fight

Magnus Grimond

The £650m three-way battle for Lloyds Chemists enters its final stage this week with the publication of the offer document from Gehe, one of the bidders.

Under City takeover rules, the German group has until tomorrow to issue the document to Lloyds shareholders, triggering the 60-day timetable within which the bid must be completed. If it runs anywhere near to the wire, the tussle for Lloyds will have been going on for over a year.

The offer document will come hot on the heels of the first indication from rival bid-

der UniChem of the level of interest its cash and shares offer has elicited from shareholders.

The Surrey-based wholesale and retail chemists group will today announce the level of acceptances at the first closing date for its bid. But observers expect few takers at this early stage of the proceedings.

Lloyds' shares on Friday stood unchanged at 513.5p, well clear of both bids. UniChem's offer of 1.6 shares plus 92.6p in cash valued its target at just over 490p, which is 10p less than the 500p all-cash offer from Gehe.

Most observers expect that one or both of the bidders will be forced to raise their terms to

clinch the bid. Analysts expect Gehe to spin the bid timetable out as long as possible to put maximum pressure on UniChem, which faces difficulties if it wants to increase its offer.

The group is already straining its balance sheet with the bid at this level. Gehe claims its average gearing could soar to 490 per cent if it is successful, giving UniChem little room to manoeuvre to raise the cash element of its bid.

But increasing the amount of paper could prove counter-productive if, as some believe, the market pushes down the share price to take account of the resulting earnings dilution.

Profit-linked pay 'fails to motivate'

Share ownership schemes and profit-related pay operated by the UK's top 100 companies often fail to deliver benefits in terms of greater employee participation and understanding of their firms' aims, according to a new report.

Even where the value of such schemes was recognised by the survey, it was not always on an intellectual level, few of them communicated the benefits to staff before implementation.

"Fewer still attempt to integrate financial participation into a wider company philosophy or strategic process," says the report, sponsored by Bacon & Woodrow, the pay and benefits consultants.

The study, by Rachel Sloan and Niki Jackson, two MBA students at City University in London, comes after Kenneth Clarke, the Chancellor, announced plans in last week's Budget to phase out profit-related pay (PRP) within the next four years.

The survey, carried out before Mr Clarke's announcement, shows that about 60 per cent of companies in the FTSE 100 share index will be affected by the abolition of PRP.

"[This] means the proportion of funds being substituted from other holdings rather than coming from new saving may be large," Mr Banks concludes.

The report says: "All of the companies interviewed in this

research recognise that PRP is a Government-backed fiddle and as long as it is available most do not see why they should not take advantage of it."

Not one company in the survey gave motivation of employees as the reason for introducing PRP.

Ms Sloan said yesterday: "If the UK continues to encourage capital gain over Social Charter initiatives to motivate people at work, companies need to pay more attention to the service to the scheme they initiate."

Employee share schemes also come in for some criticism by the authors. Approved profit-sharing schemes were used by about 58 per cent of companies in the report, while save-as-you-earn schemes were used by 93 per cent of firms.

Although many firms introduced such schemes because it was felt that employee ownership was a "good thing", no reason was given for such a belief.

Richard Greenhill, a partner in Bacon & Woodrow said: "Compared with most other countries, there is a lot of equity share participation in the UK. It is often the case that even though companies are doing the right thing, they are not aware of why they are doing it."

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Question mark over savings tax breaks

The giving of tax breaks in order to stimulate further savings may not succeed in its aims nor be economically useful, according to research, writes Nic Cicuti.

Existing measures for assessing savings rates are flawed, as is the usual notion of the relationship between saving and investment, Don Harding claims.

Traditionally, economists have argued that there is a correlation between high savings levels, per-

mitting investments in capital projects, and economic success.

Mr Harding, an academic writing for *New Economy*, a journal by the Institute for Public Policy Research, points out that existing formulae treat spending on intangible assets such as health as consumption.

"This means that countries with high investment in such things as health and education, appear to be under-saving," he says. Once such spending is included, many countries usually

classified in this category emerge as heavy investors.

He argues that governments should not be actively encouraging savings. "Schemes to encourage savings cost. Not only is tax actually forgone but they require the scarce attention of bureaucrats if they are to be designed, sold to the public and implemented effectively."

James Banks, a programme director at the Institute for Fiscal Studies, adds that tax incentives, such as less tax and personal

equity plans, do not necessarily increase propensity to save.

Mr Banks points out that the take-up of Tessa's traditionally grows substantially in the first quarter of each year, suggesting other accounts have been raided.

Half of all savings in PEPs also come from individuals who hold direct equities.

"[This] means the proportion of funds being substituted from other holdings rather than coming from new saving may be large," Mr Banks concludes.

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GAVYN DAVIES

The real nightmare for the next Chancellor is not that spending numbers have been artificially massaged down by Mr Clarke, but that there is no spare capacity left in the economy.

Despite the Budget dodges, base rates must rise

This year's Budget preparations saw the Treasury taking hold of its piggy bank, turning it upside down, and shaking it for all it was worth. On finding remarkably little inside, the Chancellor could (theoretically) have chosen to abandon his plans to reduce the basic rate of income tax by 1p, a measure which had clearly been pre-ordained ever since the ink dried on the 1995 Budget.

In any year other than this one, that is almost certainly what he would have done. But in this pre-election year, even Mr Clarke, who has bravely stood up to almost everything the Right of his party has thrown at him over several years, decided that discretion was the better part of valour. The penny cut in the basic rate almost assumed the status of a "pre-Budget" measure, with everything else having to be built around that fixed point. Treasury officials would almost certainly have preferred a more contractionary Budget, but view the outcome as about the best that could have been obtained, given the political circumstances of the Government.

Undoubtedly, they feel that the net tax cut would have been far larger under almost any Tory Chancellor other than Ken Clarke. Clearly, it is hard from the outside to avoid the suspicion that a large number of corners were cut in the preparation of the Red Book figures, all in the aid of presenting a tenable path for the PSBR while also "affording" that penny tax cut.

The baseline for public spending failed to decline conveniently this year because of a favourable surprise on inflation, as it had in the previous two years, and spending departments resolutely refused to give ground to the Treasury in the autumn spending

round. So, instead of relying on genuine savings, this year's "cuts" in public spending have required a series of subterfuges of varying validity. Luckily, all of these have been spotted by the financial markets.

So why is the Budget less tough on domestic demand than it looks? The simplest reason is that the lion's share of the cut in the PSBR next year (£65m out of the £75m drop) is not caused by policy measures at all, but by the automatic effects of faster GDP growth on the budget deficit. This should not really count as a policy tightening.

Then there are more detailed matters. First, while the Red Book claims that privatisation receipts will fall from £4.5bn this year to £1.5bn in 1998/99, the truth is that other forms of additional asset sales are hidden away in the figures, of which the most important are the sale of defence married quarters, and the student loan book. For reasons that have never been clear to me, these

are scored as negative public spending within the control total, an accounting device which flattens the overall figure by around £2bn.

Second, the Treasury has for the first time ever this year decided to base its forecast for social security payments on a forecast of declining unemployment, instead of simply assuming an unchanged jobless total. Literally hundreds of times in recent years, ministers have plausibly stated that it has never been the practice of governments to forecast the level of unemployment.

Treasury officials are apt to get quite indignant about this suggestion, arguing that the "spend-to-save" estimates are as soundly based as any others in the Red Book. There are, apparently, local pilot studies which "prove" that for every £1 spent on extra checking, the Government saves £8 in re-

duced fraud. But why has this only become apparent this year, following several years in which the government was abusive towards Gordon Brown whenever he suggested that money could be saved by closing loopholes? And why stop at saving £5bn, if this procedure has suddenly become so straightforward? The answer is presumably that there are diminishing returns to this type of effort, but then how can we possibly know where they will set in? All in all, it seems awfully convenient that these savings have popped up just before an election.

Probably this is all a little too cynical. This Budget could have been a whole lot worse, since it is certainly true that around two-thirds of this year's income tax cut has been offset by genuine tax increases elsewhere.

Furthermore, in one important aspect of preparing a Budget, the Treasury has been much more forthcoming than ever before. This concerns the crucial matter of how far below capacity the economy is now. The Treasury reckons there is an output gap of 0.3 per cent, with the Budget based on a central estimate of 1.5 per cent, and how fast the economy can grow on trend (answer: 2.5 per cent per annum). Combining these two figures with the rest of the Treasury's forecast, we can deduce that it expects output to return to trend at the end of 1998/99, at which point the PSBR should be dropping below 1 per cent of GDP.

If this calculation proves to be wrong, it is much more likely to be

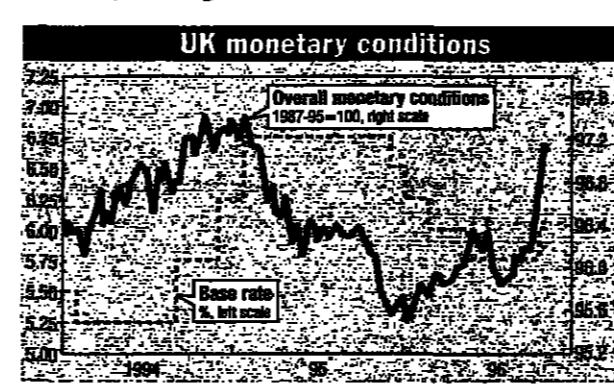
because the estimate of the output gap is wrong, rather than because any of the details of the tax and spending programmes proves misleading.

The real nightmare for the next Chancellor is not that the spending numbers have been artificially massaged down by an outgoing Mr Clarke, but that there is no spare capacity left in the economy. If that turns out to be true, then everything is about to go wrong, not just the PSBR.

That is now a matter to be addressed by monetary policy. The Bank of England will certainly have spotted the Treasury dodges, which means that the Governor is unlikely to share the Chancellor's view that the Budget has substantially reduced the need for further base rate rises.

As the graph shows, overall monetary conditions have been tightened sharply in recent months, even though base rates have increased by only a quarter point. But the reason for this is the 10 per cent rise in the exchange rate, which is included in the monetary conditions index shown in the graph. Since neither the Bank nor the Treasury believes that sterling should be counted as an independent monetary instrument, this will not deter officials on both sides of town from pressing for more base rate rises soon. The Chancellor may not agree, but it is doubtful that he can hold out until the election all on his own. Good economics now requires higher interest rates, whatever good politics may imply.

Gavyn Davies is chief economist at Goldman Sachs.



Eurotunnel is still the pits, say company directors

Jill Treanor

Eurotunnel, the debt-laden Channel Tunnel operator, is the least admired company out of 260, narrowly beating troubled store group Kwik Save into last place, according to a new survey.

This is the third year running Eurotunnel has languished in the bottom three rankings of the annual survey from *Management Today*, a specialist magazine. Even the progress on debt rescheduling earlier this year failed to push it higher up the table.

"Eurotunnel is joined in the doghouse by PR disaster-prone British Gas, which fell 38 places to 254th," Charles Skinner, editor of *Management Today*, said.

The survey is based on the views of the directors of the 10 largest quoted companies in 26 industrial sectors.

Carried out in association

with Loughborough University Business School, it asks the directors to rate the companies in their sector on the basis of nine key criteria – quality of management, financial soundness, value as long-term investment, capacity to innovate, quality of marketing, community and environmental responsibility, and the use of corporate assets.

Tesco, the supermarket chain, tops the table as the most admired company, pushing Cadbury Schweppes from the pole position it achieved in 1995.

"The UK's food retailers are the best in the world. Sainsbury's has usually been ahead and Tesco has now broken free of the pack to establish itself as the market leader," Mr Skinner said, pointing to the success of Tesco's loyalty scheme.

In contrast, Kwik Save, caught between supermarkets

such as Tesco and Sainsbury's and the cheaper continental discounters such as Aldi, found itself the least admired company after Eurotunnel.

Last month Kwik Save, run by Graeme Bowler, revealed a plunge in pre-tax profits from £125m to £28m. The chain has recently conducted an eight-month review with Andersen Consulting and concluded that it should retain its marketing position as a discount supermarket while moving slightly up-market.

The second most admired company was Burford, a quoted property company run by Nigel Wray. Its shares have more than doubled since the beginning of 1995 and risen fivefold in the past four years.

Deals such as the acquisition of Trocadero, an underperforming leisure site in central London, have helped win admiration in getting in and out

of the property market at the right time, Mr Skinner said.

He said: "Next, now third in the admiration stakes, had achieved one of the 'greatest ever turnarounds' after its disaster status of the late 1980s.

Marks & Spencer, fourth most admired company by its peers, was once again top of the league table in the "free" vote allowed to directors to cast their opinions outside their sector.

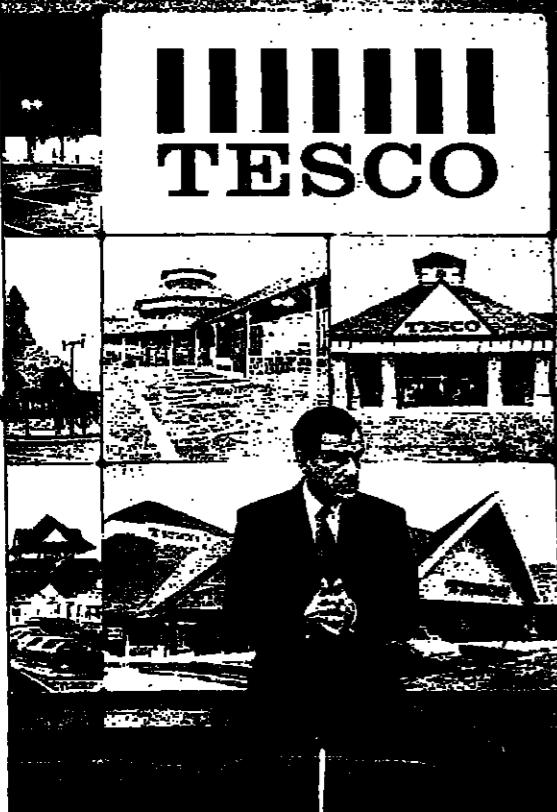
Year after year, the same companies rank highly in the table – including M&S, Glaxo Wellcome, SmithKline Beecham and Reuters.

For the first time, a clutch of engineering companies rank highly, according to Mr Skinner.

Spirax Sarco, a Cheltenham-based steam engineering specialist, enters the table for the first time at 9th, despite the slower-than-expected rise in first-half profits it reported in September.



Least liked: Eurotunnel, which under former co-chairman Sir Alistair Morton, has languished in the bottom ratings



Most admired: Tesco, which under chairman Sir Ian MacLaurin, has moved ahead of Sainsbury's

Expensive regulations 'do not protect investors'

Nic Curnick

Regulations governing the sale of pensions and other long-term investments are costly, unnecessarily restrictive and fail to protect consumers, according to a new report yesterday.

The cost of complying with rules enforced by the UK's financial services regulators may amount to 9 per cent of the industry's turnover, says the report by David Simpson, a professor at Heriot-Watt University.

Mr Simpson argues that a new approach should be taken, working with market forces instead of trying to oppose them.

Instead of detailed regulations that lay down procedures to be followed when dealing with customers, the information and what they can and what they get and what can and cannot be sold, "vigorous competition" should be applied.

This, coupled with "effective enforcement of laws against fraud and unfair trading", would

be more effective in ensuring an end to poor selling practices.

Mr Simpson's comments, presented in a pamphlet for the Institute of Economic Affairs, a right-wing think-tank, come amid increasing debate about the effectiveness of various financial services regulators.

They also follow a failure by the Securities and Investments Board (SIB), the leading City regulator, and the Personal Investment Authority (PIA), the frontline watchdog, to resolve the pensions mis-selling scandal.

A report prepared for the SIB two years ago said that up to 1.5 million people may have been mis-sold a personal pension.

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Last year, the PIA said it expected the 350,000 most urgent cases to be dealt with by Christmas 1995. Since then barely a few thousand individuals have been offered compensation.

The apparent failures of the existing system have led to calls from some Labour critics for a

highly centralised watchdog under statutory control, to oversee retail and wholesale markets.

Mr Simpson, an economic adviser to Standard Life, the giant Scottish mutual insurer, argued that instead of "paternalistic" investor protection, the aim of regulation should be to create a market in which consumers can deal with confidence.

Competition would promote integrity as companies recognise a reputation for integrity is a "competitive asset", he believes.

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The bridges are approximately 6 inches too low. "We're pushing Railtrack to raise the bridges," said Lord Berkeley.

The Piggyback Consortium is in discussions with Railtrack over the cost of project of raising the bridges between the Channel Tunnel and Glasgow, which Lord Berkeley argues will cost £100m and which Railtrack puts closer to £300m. European and government subsidies are available to fund the project.

He estimates that by 2003 approximately 400,000 trailers will be transported this way, 5 per cent of the freight currently transported by rail in containers with no wheels attached. They are not immediately ready for the road when they have completed their rail journey.

The new wagon, known as EuroSpine, has taken more

than three years to design and will begin operations in the new year between Glasgow and

London, on the route operated by English Welsh and Scottish Railway.

The project to design the wagon has been run by Piggyback Consortium, made up of around 40 rail companies. The consortium has been working with four wagon designers for some years and Thrall was the first one to complete the project.

"This is the first time it has ever been done in Britain," said Lord Berkeley, chairman of the Piggyback Consortium, said yesterday.

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science

May the forces be with us?

Hugh Aldersley-Williams reports on a conference offering fresh clues to a grand unified theory

How often do you find an eminent name such as Stephen Hawking going on a crash course in maths? Not often – but that's what has been happening for the past four weeks, and continues for the next two, at the Isaac Newton Institute for Mathematical Sciences in Cambridge.

Professor Hawking is just one of a group of physicists and mathematicians attending a conference with the daunting title of "Four-dimensional geometry and quantum field theory". But they aren't doing it out of casual interest. It could be a key step on the way to an idea which eluded Albert Einstein: a grand unified theory, joining the four forces – the strong and weak nuclear forces, gravity and magnetism.

If a "GUT" (as it is known) does emerge from all this, then an important part will have been played by an Oxford mathematician who is almost unknown outside his field: Simon Donaldson.

For years mathematics, and especially topology – the study of the relations between forms – has tended to drift apart from physics and other sciences. But now they are coming together again, due in part to Professor Donaldson's work at Oxford's Mathematical Institute. In 1983, before he had even obtained his doctorate, Donaldson discovered certain "exotic" phenomena unique to four-dimensional space. Unusually for a pure mathematician, Donaldson made his discovery with the aid of ideas from theoretical physics.

He took equations from physics describing the behaviour of fundamental particles and applied them to mathematics, specifically in four-dimensional topology. "What he did was to use these ideas to establish a result in pure mathematics which was totally unexpected," says Sir Roger Penrose, the mathematician and author. "Unique among the dimensions, four is the only one with this property." The results are described below; but what has been almost more interesting has been their effect.

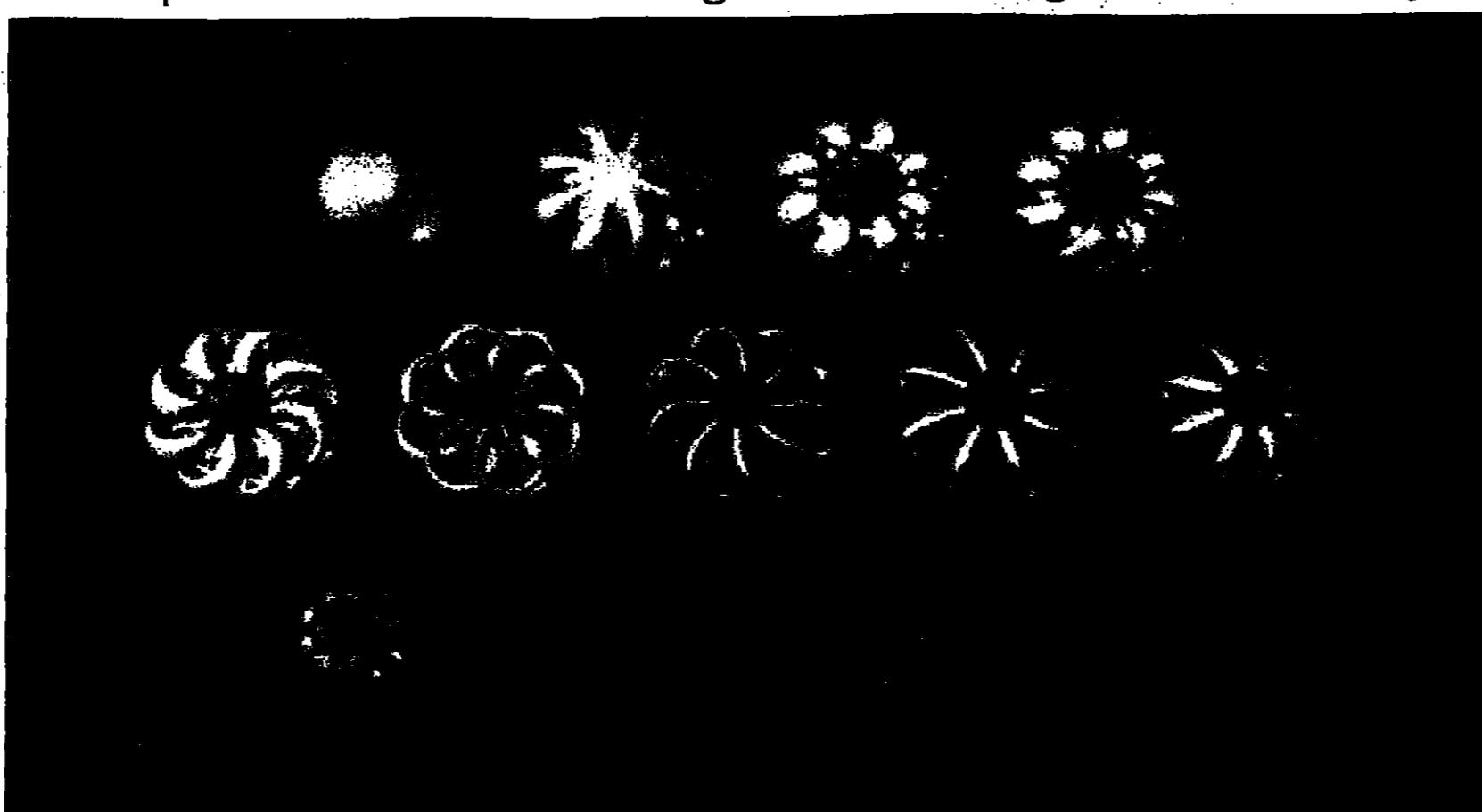
Donaldson's findings are now filtering through to cosmology and quantum theory – where four dimensions are significant, being the three of space, plus time. One way of describing gravity, for example, is to say that it produces local distortions in the geometry of space-time. If four-dimensional geometry is "badly behaved", as Donaldson's work indicates, it makes life more difficult for physicists – but also more interesting.

Recently, Nat Seiberg and Edward Witten of the Institute for Advanced Studies at Princeton have kneaded Donaldson's equations into quantum physics, to produce a workable topological quantum field theory for four dimensions. In so doing, they showed that the idea of physical duality, which relates electricity and magnetism, could be extended to the weak and strong forces between fundamental particles.

theoretically ...

NASA's second rocket to Mars, the Mars Pathfinder, should have taken off at 6.09 GMT this morning – assuming all went well. This was the only time NASA had for a launch today, though there is a 24-day "launch window" lasting until 31 December. Pathfinder is due to arrive on Mars on 4 July next year. It will investigate the Martian atmosphere and surface weather, and use a small six-wheeled rover to investigate the terrain around the spacecraft, and the geology and elemental composition of rocks and soil there.

The relaunch of the Cluster project, lost when Ariane 5 blew up, is all systems go – providing national governments come up with the funding. On this page last week we forecast that the European Space Agency would probably give Phoenix the go-ahead. Now it needs the Department of Trade and Industry to stump up £7m over four years to refit the experiments for launch. Watch this space.



Simulation of a sphere turning itself inside out; the gold exterior is replaced by the purple interior. Juggling topological ideas forms the key to Donaldson's work

Links like that are important in building towards a grand unified theory, which has evaded physicists and mathematicians for decades. Yet the Princeton result gave the impetus for the conference now in progress.

So what does it tell us? "Four-dimensional geometry and quantum field theory" mean? Quantum field theory seeks to explain the interrelations of fundamental particles. On occasion, experiment has borne out theories for which the mathematics was lacking. But Seiberg and Witten have turned this process on its head with a mathematical "experiment" that seems to produce the right results. "We don't really know rigorously that it's OK to make these substitutions," says Donaldson. "In a sense, mathematics is the laboratory for these things."

The significance of this work to mathematics, and now to physics, has been duly recognised. Mathematics has no Nobel prize, but Donaldson has more than made up the difference – winning both its substitute, the Fields Medal, in 1986, and the Crafoord Prize of the Royal Swedish Academy of Sciences in 1994. Witten won the Fields Medal the next time it was awarded,

in 1990. Mathematicians typically do their best work while young, and Donaldson, aged 39, calls himself (with characteristic modesty) "now rather a has-been".

"His work is as pure mathematical as you can get," says Sir Michael Atiyah, past president of the Royal Society, and Donaldson's research supervisor at the time of his breakthrough. "But it draws on techniques in theoretical physics and it impinges back on theoretical physics. [Sir Isaac] Newton's work impinged in the same way."

Donaldson describes how it happened with a sense of the history of his subject rarely found among experimental scientists. A century ago, Henri Poincaré launched the study of manifolds – curves and surfaces and their analogues in higher dimensions. Not long before, James Clark Maxwell had revealed the symmetries describing the respective actions of magnetic and electric forces – in other words, their duality. Both areas have since seen much progress, but along largely separate tracks.

"My own work was really to bring together these two strands," says Donaldson. The conjecture that duality might be able to be extended to cover other forces

dates back 20 years. But two years ago, this idea was resurrected and souped up, and it is this that has led to dramatic advances in quantum field theory," he says. "One aspect has impinged on my work [in topology]. Other aspects have physical merit."

Surfaces and other manifolds may be grouped according to the properties that they share. In three dimensions, a sphere and a cube are topologically equivalent. A doughnut is different, because it has a hole in it.

In five and higher dimensions, forms that are otherwise equivalent are no longer interchangeable. Here, their surface quality – smooth like a sphere, or sharp like a cube – must be taken into account. Mathematicians have nevertheless been able to reduce topological puzzles in higher dimensions to problems of (comparatively) simple algebra.

But what about the intervening realm of four dimensions? Donaldson showed that the quality of "smoothness" in fact matters more than in any other dimension. Not only that, but the whole idea of topological equivalence, based on counting holes, was suddenly invalid. Even in the simplest

cases, it turns out that there are infinitely many four-manifolds which – although equivalent according to classical topology

– Donaldson revealed as being very different in terms of their smooth structure. What's more, there is no way of telling whether a smooth manifold will remain smooth or become "rough", or vice versa, under topological transformation. Four-manifolds have a specialness, rather like knots in three dimensions. You can't have a two- or a four-dimensional knot; and four-manifolds have properties not found in other dimensions.

If it is any consolation, Donaldson, too, finds it counterintuitive that the four-dimensional picture should be more complicated than not only the lower dimensions, but also the higher ones. Is it coincidental that this anomalous world seems to be our own? This question may not be on the agenda at the Newton Institute, but it is likely to be at the back of many of the minds meeting there.

An introduction to topological ideas, with animal movies, can be found on the World Wide Web at <http://geom.umn.edu/~ext7/cityscape.co.uk>

technoquest

Questions and answers provided by Science Line's Dial-a-Scientist on 0345 600444

Q Before the dinosaurs, it's thought there were mammal-like reptiles living on the Earth. What was so mammalian about them?

A Fossils of mammal-like reptiles which were around before the dinosaurs show that their teeth were differentiated like today's mammals. Today's reptiles have teeth that are all the same pointed shape. But the early mammal-like reptiles had teeth designed for different purposes – canines and incisors for ripping food apart, molars for grinding food.

Q Why do babies often wake up at night?

A Our sleeping patterns change during our lives. Babies sleep for about 16 hours in 24 while two-year-olds only sleep for nine to 12 hours. Older people can manage with only four to six hours a night. Babies also spend up to 50 per cent of their sleep in a REM state while adults spend only 25 per cent. Babies sleep in short bursts, maximising their chances of feeding by spreading their 16 hours of sleep throughout a 24-hour period. So even if kept awake all day, a baby is unlikely to sleep through the night because it's programmed not to.

Q Do birds get earwax?

A Birds do not have an outer ear and so wax is unlikely to form.

Q Why do we have freckles on the backs of our hands but none on our fingers?

A Freckles are clumps of skin cells with more melanin in them than other cells. Freckles tend to form when our skin is exposed to sunshine. As we walk we tend to hold our hands with our fingers curled inwards, shading them from the sunlight and so reducing the chance of freckles forming.

You can also visit the *Technoquest* World Wide Web site at <http://www.campus.bt.com/Campus-Worldpub/ScienceNet>

Questions for this column can be submitted by e-mail to ext7@cityscape.co.uk

Don't get nervous – but anxiety seems to have a genetic component. A report in last week's *Science* magazine found that levels of neuroticism correlated with two different variants of a gene that encodes a protein critically involved in controlling levels of the neurotransmitter, serotonin. An investigation of 505 people found that this genetic variation accounted for about 4 per cent of variation in anxiety-related traits. A small difference, but the sort that could nudge away at the back of your mind.

Odd, isn't it, how there are more organic compounds with an even number of carbon atoms than an odd number? That's the observation by a five-strong international team. And they ask: could that fact mean something? In the latest *Nature*, they report how a database of nearly 7 million organic compounds shows that, in general, even numbers of carbon atoms are significantly more common than the adjacent odd numbers. "Could there be some underlying parity rule that is yet to be discovered?" they ask. Any answers?

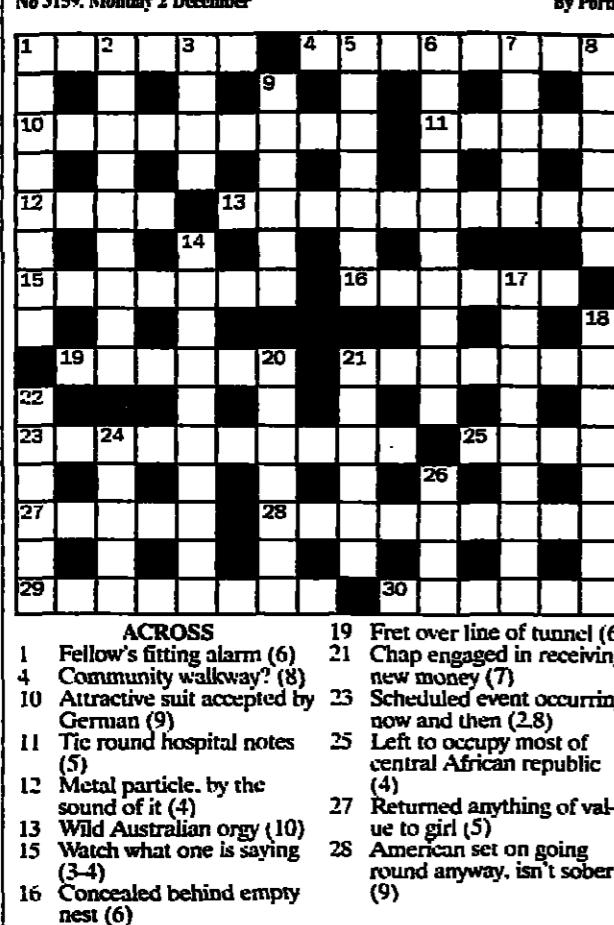
A massive carnation can be yours. Phoenix, an Australian biotechnology company, has spent \$425 million (about £22 million) and a decade of research to produce the first one, using genetic engineering. It's the first step towards a range of genetically engineered blue flowers – including the long sought-after blue rose. The company isolated the gene responsible for blue flower pigmentation in 1991. The new flower will cost about twice as much as normal carnations, but no doubt smell as sweet.

The Internet is bad for science suggests two researchers at MITE. They point out in *Science* that it tends to produce scientists who don't stay out of their own areas. If information technology helps an algebraic topologist spread more time interacting with colleagues globally, what happens to his or her interactions with the computer scientist, the biologist or the graduate student down the hall? They say – pointing out that the theory dinosaurs were wiped out by a meteorite strike came

THE INDEPENDENT CROSSWORD

No 3159, Monday 2 December

By Portis



29 Moderates never go to them (8)
30 Trouble slotting into standard post (6)

DOWN

1 It's possible, a belief's in error (8)
2 One Greek character about ready to deliver ad lib (9)
3 Heard guy will get cure (4)
5 Row follows supporter's practical joke (3-4)
6 Not true – prisoner is taken in at once (10)
7 Fabulous being rector in charge (5)
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9 Great speller? (6)
14 Deeply regret housing unit's fall in value (10)
17 Number in pearl not exactly unique (9)
18 Enter and make an impression (8)
20 Loss of pay involving quarter of reservists (7)
21 French leader's hopeful about Western offensive (6)
22 Turn over key article by famous poet (6)
24 Attack working group (5)
26 Skirt comes from Assam in India (4)

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